

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

CITY OF SOMERS POINT

DONALD T. DiFRANCESCO
Acting Governor

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the City of Somers Point

New Jerseyans deserve the best government their tax dollars can provide. Efficiency in government and a common sense approach to the way government does business, both at the state and at the local level, are important to Acting Governor Donald T. DiFrancesco. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. The Local Government Budget Review (LGBR) program was created in 1994 by former Governor Whitman, marking the first time the state worked as closely with towns to examine what is behind those costs. The Local Government Budget Review (LGBR) program's mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service provided by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, the program was expanded, tripling the number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review, team members interviewed each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examined current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relevant information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
CITY OF SOMERS POINT**

Administration

The team recommends that the city increase their liquor license fees to the maximum allowed by law, for a revenue enhancement of \$62,327 over five years.

The team also recommends that the city hire two part-time, entry level, clerical employees to provide additional and substitute help in all departments, for an expense of \$10,920.

Animal Control

The team recommends that the city conduct a more complete cat and dog canvas, for a revenue enhancement of \$16,500. The city could yield an additional revenue enhancement of \$14,400 by increasing their dog/cat license fees to the maximum allowed by law.

Tax Collection

By reducing the staff for the department of tax collection from two full-time employees to one full-time tax collector and one part-time deputy collector, the city could save \$8,833.

The city should consider obtaining a proposal for legal services to foreclose on all eligible liens at a one-time expense of \$2,820, saving \$14,268 over five years.

Health Benefits

The team recommends that the city obtain its health and prescription coverage through the New Jersey State Health Benefits Program, saving \$197,364.

Police

By eliminating the captain positions and continuing under its current organizational structure, the city could save \$11,000 for the cost of promotional wage increases.

The team also recommends that the city eliminate the sergeant detective position in the detective bureau, saving \$8,500.

The city should consider using video technology to hear cases involving prisoners being held at the county facility, saving \$4,269.

By regionalizing the dispatching operation with one of the neighboring towns, the city could save \$103,000.

Emergency Medical Services

By establishing an EMS fee to recover some of the cost of providing the service, the city could yield a revenue enhancement of \$240,000.

Somers Point Fire Department

The team recommends the city sell, and not replace, two pumpers for a one-time savings of \$500,000 and a one-time revenue enhancement of \$20,000.

Public Assistance

The team recommends that the city reconsider its earlier decision to retain the welfare operation and consolidate with the Atlantic County program, saving \$8,800. The city could yield an additional one-time revenue enhancement of \$12,747 by dissolving the PATF I account.

Uniform Construction Code

The team recommends that the city budget additional funds to accommodate building sub-code and temporary assistance during periods of high permit activity, at an annual expense of \$5,000.

Court

The city should consider pursuing an interlocal video arraignment agreement with Egg Harbor Township to reduce its cost of prisoner handling, saving \$3,047.

Municipal Boat Ramp – Kennedy Park

By reviewing the permitting and monitoring process, and utilizing seasonal help instead of full-time public works employees at the Kennedy Park boat ramp, the city could yield a revenue enhancement of \$4,758.

Somers Point City Sewerage Authority

By discontinuing the payment of stipends to cover board member vehicle expenses, the city could save \$14,500.

The team recommends that the authority supplement the preventative maintenance (PM) program with more detailed quarterly inspections, at an expense of \$8,000. The team also recommends that the authority enter into a commodity resale agreement, where cooperative purchasing would result in a savings of \$2,000.

The team recommends that the authority enter into an agreement with the City of Somers Point to take over their billing process, for a net savings of \$60,200.

The team recommends that the authority discontinue the practice of recording and monitoring daily flows at the Somers Point Pumping Station, for a efficiency enhancement of \$2,010.

The team recommends that the authority contract with the city for payroll services and increase the office staff workday from six to seven hours, for a net savings of \$17,650.

The authority should consider directing their engineer to develop a systematic program of televising and repairing system, at a one-time expense of \$174,200 - \$368,500, with an annual savings of \$30,000 - \$40,000.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE CITY OF SOMERS POINT**

<u>Areas Involving Monetary Savings</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>Totals</u>
Administration			
Revenue enhancement from increase of liquor license fees over five years		\$12,465	
Hire two part-time clerical employees		(\$10,920)	
			\$1,545
Animal Control			
Conduct a more complete dog/cat canvas		\$16,500	
Increase dog/cat license fees		\$14,400	
			\$30,900
Tax Collection			
Reduce staff to one full-time collector & part-time deputy collector		\$8,833	
Obtain proposal for legal services for foreclosures	(\$2,820)		
Savings from foreclosures on liens over five years		\$2,854	
			\$8,867
Health Benefits			
Obtain health and prescription plan through NJSHBP		\$197,364	
			\$197,364
Police			
Eliminate captains positions & continue under current structure		\$11,000	
Eliminate sergeant detective position in the detective bureau		\$8,500	
Use video technology to hear cases involving prisoners		\$4,269	
Regionalize dispatching operation with one of the neighboring towns		\$103,000	
			\$126,769
Emergency Medical Services			
Establish an EMS fee		\$240,000	
			\$240,000
Somers Point Fire Department			
Sell, and not replace, two pumpers	\$500,000		

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE CITY OF SOMERS POINT**

<u>Areas Involving Monetary Savings</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>Totals</u>
Sale value of older engines	\$20,000		\$520,000
Public Assistance			
Consolidate with Atlantic County		\$8,800	
Dissolve the PATF I account	\$12,747		\$21,547
Uniform Construction Code			
Budget additional funds for temporary assistance		(\$5,000)	(\$5,000)
Court			
Pursue interlocal video arraignment agreement with Egg Harbor Township		\$3,047	\$3,047
Municipal Boat Ramp - Kennedy Park			
Review permitting and monitoring process to insure compliance		\$4,250	
Use seasonal help in place of full-time public works employees		\$508	\$4,758
Somers Point City Sewerage Authority			
Discontinue stipend to cover board member vehicle expenses		\$14,500	
Supplement PM program with more detailed quarterly inspections		(\$8,000)	
Use cooperative purchasing		\$2,000	
Contract billing and collection to the city		\$60,200	
Discontinue practice of recording and monitoring daily flows		\$2,010	
Contract out for payroll services		(\$600)	
Increase hours for office staff		(\$5,083)	
Salary for part-time employee		(\$8,073)	
Eliminate one full-time payroll position		\$31,406	
Develop systematic program of televising and repairing sewer lines	(\$368,500)	\$30,000	

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE CITY OF SOMERS POINT**

<u>Areas Involving Monetary Savings</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>Totals</u>
			(\$250,140)
Total Recommended Savings	\$161,427	\$738,230	\$899,657
Total Amount Raised for Municipal Tax			\$4,019,256
Savings as a % of Municipal Tax			22%
Total Budget			\$6,672,863
Savings as a % of Budget			13%
Total State Aid			\$1,347,084
Savings as a % of State Aid			67%

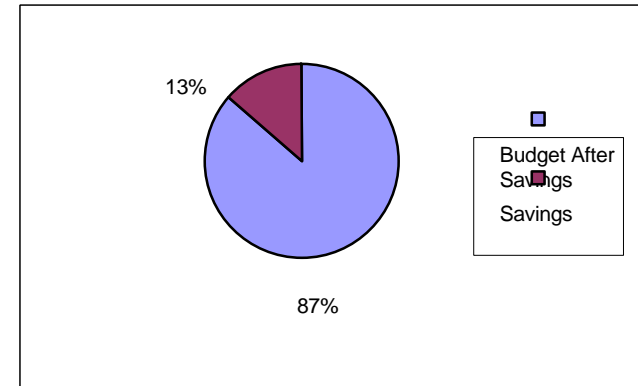
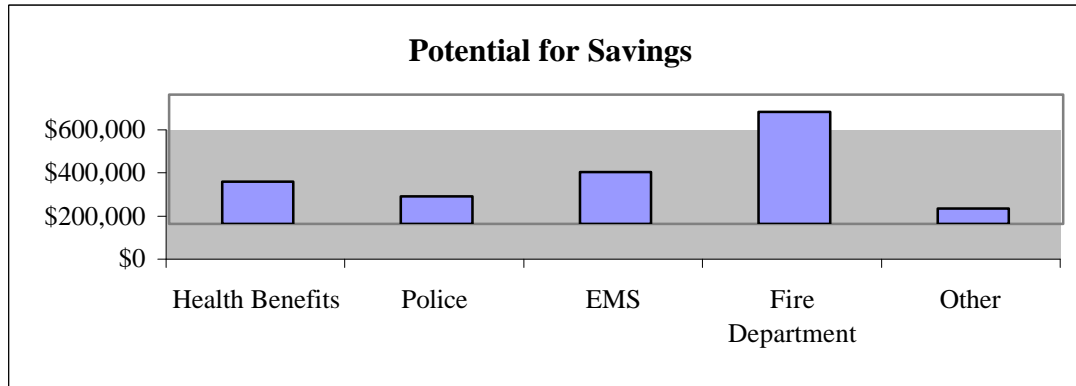


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COMMUNITY OVERVIEW

The City of Somers Point, originally known as Somerset Plantation, is the oldest settlement in the County of Atlantic, dating back to 1693. This four square mile, attractive municipality, is located in the eastern portion of Atlantic County in what was once known as Great Egg Harbor. Somers Point was first incorporated as a borough in 1886. At that time the voting population was 48.¹ The city is approximately seven miles southwest of Atlantic City, and 60 miles east of Philadelphia. The city is bordered on the east and west by Egg Harbor Township and to the north by the City of Linwood. Three bridges join Somers Point to Cape May County on its southerly border; they are the Beesleys Point Bridge (Rt. 9), the Garden State Parkway Bridge and the Route 52 bridge into Ocean City.

The US Census Bureau estimates the population of Somers Point to be 11,159 as of July 1, 1999. This is down from the 1990 Census figure of 11,216. According to the 1990 Census, whites make up over 90% of the population, while black and hispanic minorities represent the bulk of the remaining population. The median family income in 1989 was \$39,203. The census showed the percent of owner-occupied housing units versus rental housing units to be split about equally, with the owner-occupied units being slightly higher. The median value of an owner-occupied housing unit was \$110,900. Twenty-eight percent of the city's population in 1990 was 21 or younger, and 16% was over 65.

The 1990 census reports 8,913 persons 16 years or older. It also reported there were 6,344 people in the Somers Point workforce. Of those who commuted to work, the majority drove alone and about 12% carpooled. Less than 3% used public transportation. Approximately 90.5% of those working outside their home commuted less than 35 minutes to their place of employment and less than 8% commuted 45 minutes or more. The mean travel time to work was 19.8 minutes. Anecdotal reports indicated that most Somers Point residents are employed in Atlantic County, with some driving to Philadelphia and the Wilmington region.

Approximately 25% of the workforce are employed in managerial, professional and executive occupations. About 39% are employed in sales, technical, or administrative support occupations. The remaining workers are predominantly employed in service occupations or as machine operators, assembly workers, material transporters, laborers and, to a much lesser degree, in farming/fishing occupations.

Land use planning and development in the city is largely regulated by the Coastal Areas Facilities Review Act (CAFRA). This law imposes significant limitations on local decision making regarding the type of development permitted. Under this act, all of Somers Point has been designated as a Coastal Environmentally Sensitive Planning Area. The New Jersey State Development and Redevelopment Plan has a portion of Somers Point designated a Metropolitan Planning Area (PA1) and another portion an Environmentally Sensitive Planning Area (PA5).

¹ Olive Conover Rundstrom, *History of Somers Point* (City of Somers Point, 1968); William McMahon, *SOUTH JERSEY TOWNS, History and Legend* (New Brunswick: Rutgers University Press, 1973)

The Garden State Parkway and US Route 9 are the major north-south arteries serving Somers Point. County Route 559 (Mays Landing - Somers Point Road) and county Alternate Route 559 (Ocean Heights Avenue) are the primary east-west routes of travel. New Jersey Transit serves the city with various bus routes. The closest passenger rail service is on the Atlantic City – Philadelphia line, available in Absecon, about eight miles north of Somers Point. Bell Atlantic, Connective Energy, New Jersey American Water, and the Somers Point City Sewerage Authority (sewer collection) provide utility service. Shore Memorial Hospital is located in the city, and the Atlantic City Medical Center is located in nearby Atlantic City.

Recreational boating and fishing activities associated with the Egg Harbor Bay provide a significant economic contribution to the city, in addition to the more typical business activities. Somers Point is located just across the bay from Ocean City, a major resort destination. The two cities are connected by a bridge that is the most heavily traveled access route into and out of Ocean City. Significantly, Ocean City prohibits the sale of alcoholic beverages. As a result, vacationers from Ocean City contribute to Somers Point's significant restaurant and entertainment industry that historically thrives in the summer months. The city is also the home of the Great Bay Golf Course, which has hosted the LPGA for a number of years and attracts golfers from a wide area.

GOVERNMENT

Scope of Review

The city council requested this review of the city's operations. As fieldwork began, the team asked if the Somers Point Sewerage Authority (authority) would like to participate in the review. The authority agreed to participate in the review and, accordingly, are included in this report.

We commend the city council and the sewerage authority for inviting this review.

Form of Government and Elections

Somers Point is organized under the city form of government as defined in N.J.S.A. 40A:61-1 et. seq. The city holds partisan elections each fall. The voters elect a mayor to a term of four years. They also elect seven councilpersons; three from each of two wards and one elected to serve "at large." The councilpersons elected from wards serve staggered, three-year terms while the at large representative serves a four-year term. Typically, candidates obtain a party nomination during the June primary election. Those who are successful in the primary, as well as those who qualify independently, appear on the November general election ballot. The terms of office for those elected begin the following January. The city had 6,016 registered voters eligible to vote in the 1998 general election; of these, 1,903 cast votes for city council candidates. Accordingly, we compute 31% of the registered voters participated in the election.

The mayor is the chief executive of the city. The mayor's scope of authority is provided in N.J.S.A. 40A:61-4. The mayor may participate in all council deliberations, but does not vote on ordinances or resolutions unless there is a tie, in which case the mayor casts the deciding vote.

The mayor has the power to veto ordinances. This veto is subject to a 2/3 override by council. The mayor heads the police department and appoints, with council approval, the police chief, the captains and sergeants.

The city council is the legislative body of the municipality. The council's authority is provided in N.J.S.A. 40A:61-5. The council has the authority to override the mayor's veto by a 2/3-majority vote of their full membership. Council elections are staggered, such that two or three seats are vacated each year. The city council holds its reorganization during the first seven days in January, at which time they elect a president from among its membership and establish committees, as the council deems necessary. The council also has the authority to appoint officials of the municipality, except as provided elsewhere by law.

Administration

N.J.S.A. 40A:61-7 provides the city may, by ordinance, delegate all or a portion of the executive responsibilities within the city to an administrator. While election issues are an annual event in this form of government, governing bodies have, over time, determined that the administrative functions of government are to be run professionally. To this end, Somers Point has hired an administrator. Accordingly, the many activities of the municipal government that need to be handled administratively appear to be run in a professional manner. The city has also adopted an administrative code, which includes how the council shall perform its duties, the titles and duties of various municipal officials, how various departments are organized, the powers and duties of various department heads, as well as, the many laws and policies of the city.

Somers Point City Sewerage Authority

The Somers Point Sewerage Authority is an autonomous agency created by ordinance pursuant to the Sewerage Authority Law (P.L. 1946, Chapter 138) of the State of New Jersey. The city council appoints the authority board members to five-year terms. Once created, the authority becomes a legally separate entity and operates independently of the city government. The future of the sewerage authority was, at the time of our fieldwork, a point of controversy in this community. City council had adopted an ordinance to dissolve the sewerage authority by a 4-3 margin. They also passed on first reading, by the same margin, the refunding ordinance necessary to complete the dissolution. However, final adoption was tabled, by the same 4-3 margin. The votes indicate that the dissolution has created a split on city council. This is reviewed in more detail in the Sewerage Authority section of this report.

I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and, possibly, save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every cost-effective effort. The following are those best practices recognized for cost and/or service delivery effectiveness.

Recreation

The cooperative sharing of staff and facilities between the city and the school district provide citizens with a coordinated, comprehensive, and efficient public recreation program.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

This section of the report is intended to identify opportunities for change within the municipal operations and to make recommendations that will improve efficiency and provide financial savings to the municipality and its taxpayers.

During the course of the review, the team found that the city makes a conscious effort to control costs and to explore areas of cost saving and improved efficiencies within its operations. We have identified some of these in the Best Practices section of this report. Others are noted in the findings that follow. We commend the city for its efforts. The review team did find areas where additional savings could be generated, and has made recommendations for change that will result in reduced costs or increased revenue. These recommendations will lead to improvements in budgeting, cash management, cost control, and revenue enhancements.

Where possible, a dollar value has been assigned to each recommendation to illustrate cost savings and provide a measure of importance or magnitude to the recommendation. The time it will take to implement each recommendation will vary. There is no expectation that the total projected savings will be achieved in the short term. Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. Their impact will be reflected in current and future budgets, and they will have a positive affect on the city's tax rate(s).

CITY GOVERNMENT

City Council

The city council members are paid a salary of \$4,000 per year and the mayor receives \$4,700. The 1998 total employee position cost, including social security and Medicare, for the mayor and council was \$35,201. The mayor and council members are considered part-time employees of the city and, as such, are not eligible to receive health, dental, or prescription coverage from the city. The mayor and council do not have any direct clerical staff; staff in the municipal clerk's office perform all clerical functions that they may require. Operating expenses for the mayor and council are budgeted under the "Other Expenses" section of the Department of Administration within the Municipal Budget. This line item also contains expenses for the city administrator, that made it impractical to allocate expenses incurred by one versus the other. The total amount expended in 1998 for "Other Expenses" within the department of administration was \$9,836.73.

ADMINISTRATION

The city council passed Ordinance 5-1989 in 1989, which established the position of full-time city administrator, as specified in N.J.S.A. 40A:9-136. The powers and duties of the administrator are spelled out in chapter 34 of the Somers Point Code. Generally, these duties

include full administrative authority over all city departments except the police department, which is under the authority of the mayor and police chief. Even though police matters are excluded from the administrator's authority, the city code does specify that the administrator shall have full authority over business related matters within the police department. The current administrator has held this position since 1995.

The administrator does not have any clerical staff directly assigned to him. As is the case with the mayor and city council, the administrator utilizes the staff within the municipal clerk's office to provide clerical support as needed. Operating expenses within the administrator's office are included with those of the mayor and council and could not be segregated for this report. The 1998 salary and wage expenditure for the administrator was \$58,500. Statutory expenses and other benefits amounted to \$16,774, for a full-loaded wage cost of \$75,274.

Municipal Clerk

Two employees, the clerk and the deputy clerk, staff the Somers Point office of municipal clerk. The total gross salary paid for these employees in 1998 was \$78,357. They also received direct benefits, which brought the total employee position cost for this office to \$98,067. The other expenses in the municipal clerk's budget totaled \$22,567.

The municipal staff views the clerk's office as the general information center for the city. Many of the duties of the clerk are statutory and include: secretary to the governing body, secretary to the municipal corporation, quasi-administrative official, election official and registrar of vital statistics. Arguably, maintaining the records of a municipality, particularly its laws and the minutes of governing body meetings, is the single most important responsibility in the clerk's office.

Codification

A municipality's adoption of an ordinance is a significant act, establishing legal obligations for citizens and businesses. Ordinances also communicate public policy to those affected. It is important that citizens, municipal employees and others having affairs with a municipality have a single resource from which they can easily find all of the laws and policies that the municipality has adopted. The orderly compilation of these ordinances is called codification and results in the development of a municipal codebook. For a codebook to be serviceable, it must be supplemented with new material. Older sections need to be updated to reflect current practice and the evolution of relevant law. The Somers Point codebook is updated each year as changes are made. The clerk's office administers the updates and distributes the new sections to all departments. A total of 30 books are maintained in this fashion.

The city's codebook is very extensive. Somers Point has also included council by-laws in its codebook, which specify how the council shall be organized and how they shall conduct their affairs. The codebook was fully codified in 1990 and, again, in 1996. The city clerk has an ongoing policy of submitting ordinances to the firm codifying the ordinances as they are adopted. These are promptly reproduced and inserted into the code books.

Many codification companies can produce their products in both hard copy or through electronic medium, such as CD's or floppy disks. The electronic version allows quick access to all laws and policies. All city departments have computer access and the availability of the city code through their computers would put all city regulations at their fingertips. The team has reviewed this option with one of the major codification companies and has found that network capable software providing for full text search and retrieval capability is available for \$3,200 plus \$500 per year for annual licensing fees and updates (does not include supplementation of printed code). The city may wish to make this feature available to the public through the Internet as well. The city does not currently have a web site; however, Atlantic County does operate a web site. The team contacted the operator of this site and was told that they would gladly provide a link to make this service available to the public through their site, at no charge to the city. The cost to make this available on the Internet would be an additional \$200 plus \$25 per month.

We commend the city for its diligent attention to the maintenance of its code.

Records Retention

Each department manages their own records retention system, with varying degrees of success. Some departments request permission to discard unneeded documents promptly after the retention period has expired. Other departments have requested approval for record destruction periodically within the last five years. Some departments have no record of any requests for record destruction. The clerk maintains a file of all approved records destruction requests.

Both the clerk and the deputy clerk indicated that space and organization of records has been a major concern of their office. During the time that the team was on site, the city was in the midst of a renovation project in the basement of the municipal building to reorganize and expand storage for municipal records. The project included building separate shelving for the finance office, tax office, administration, and the clerk. It, also, involved the reorganization of existing storage areas and the disposal of old equipment currently stored in the basement, which will result in added storage space for the court and the construction and land use offices. The clerk is equipping file cabinets with duplicate sets of file folders for use in the basement. These files and storage boxes will be used to systematically hold their records until authorization for destruction is obtained. The plan is to keep current year and prior year's records in the clerk's office. All other files will be transferred to archive boxes or file cabinets.

The improved storage area will allow the clerk to reorganize the office files and purge records eligible for destruction. The clerk has begun the process and has recorded the contents of several boxes to obtain permission from the auditor and State Library, Division of Archives for their disposal.

We commend the city for taking steps to improve records retention and storage.

Recommendation:

We recommend that the city supplement this effort with a formal plan to implement systematic record retention and disposal. Such a plan should include identifying a person

responsible for record retention in each department, periodically reviewing the record retention requirements with that person, and an annual review of departmental records to identify records eligible for destruction.

Minutes of Municipal Meetings

The Somers Point City Council holds two regular meetings per month, one on the second Thursday and one on the fourth Thursday of each month. The exception is in July and August when they meet only once per month. The clerk attends all meetings and is responsible for developing all meeting minutes. The minutes are current and past minutes are well maintained and easily accessible. Various other municipal records, although available, are not as easily accessible. The team agrees with the staff's assessment that additional storage space would facilitate a more organized records retention system. As mentioned above, additional storage space is currently being developed.

Alcoholic Beverage Licensing

The city issues liquor licenses under the authority of N.J.S.A. 33 and Chapter 75 of the City Code. The municipal clerk is charged with issuing all annual liquor license renewals, a total of 23 as of 1998. There are 12 plenary retail consumption (bar) licenses authorized by the City Code; however, the city has 18 such establishments. The large number resulted because many of these establishments were in existence before the ordinance was adopted in 1938. In addition to the bar licenses, there are three club licenses, one plenary retail distribution (liquor store) license and one hotel/motel license.

The city charges \$1,650 for each liquor store license, \$825 for each bar license and the hotel/motel license, and \$150 each for the club licenses. Title 33 allows a municipality to charge up to \$2,000 for every plenary retail consumption or plenary retail distribution license and \$150 for each club license. Only the club license fee is at its maximum allowable limit. N.J.S.A. 33:1-12 et. seq., allows a municipality to increase their liquor license fees by ordinance up to the maximum allowed in the statute, at a rate of no more than 20% per year, or \$500, whichever is less. If the city were to systematically increase its fees until they all reached their allowable limit, they would enjoy a \$62,327 increase in revenue over the next five years, as illustrated in the following table:

Increased Revenue:	1 st year	\$3,465
	2 nd year	\$7,247
	3 rd year	\$11,761
	4 th year	\$17,179
	5 th year	\$22,675

Recommendation:

The team recommends that Somers Point increase their liquor license fees to the maximum allowed by law.

Revenue Enhancement: \$62,327 (over five years)

General Observations

The clerk's office is organized with the clerk as chief administrator for the department. Aside from the duties described above, she plans the budget for the department and is responsible for personnel administration, statutory compliance, coordination and administration of elections, including school, primary and general elections, and departmental coordination with the township administration. The deputy clerk is responsible for vital statistics record keeping, filing, the telephone switchboard and any duties associated with walk-in traffic at the counter. The office receives continual phone inquiries regarding a variety of issues. Walk-in traffic for birth certificates can be heavy, due to the presence of Shore Memorial Hospital. The deputy clerk also handles typing and correspondence for the city administrator.

The staff works very well together and the office runs smoothly. The office is adequately staffed, however, when one is out, certain important functions can be delayed or left undone. Both the clerk and deputy are longtime employees and, as such, are eligible for more than 70 vacation, sick and personal days each year, not including accrued sick time. Accordingly, in this and other municipal offices, when employees are out, the ability to complete important municipal functions is limited. The city has experienced some organizational stress related to getting replacement staff due to retirements and extended absences. We feel a modest investment in hiring two part-time, entry level, clerical employees to train in the municipal offices could provide needed clerical support noted in several sections of this report, as well as, provide trained replacements if and when existing employees leave.

We estimate that two employees working 15 hours per week at \$7 per hour, without benefits, would cost \$10,920 annually.

Recommendation:

The team recommends that Somers Point hire two part-time, entry level, clerical employees to provide additional, and substitute help, in all departments.

Value Added Expense: \$10,920

ANIMAL CONTROL

The city provides animal control services for its citizens through a combination of three basic functions: licensing, animal control services and animal shelter services. New Jersey statute N.J.S.A. 4:19-15 et. seq., requires that municipalities provide for the licensing of all dogs within the community. The process includes the issuance of numbered tags that correspond to each license sold. The statutes also require that a census of all dogs owned, kept, or harbored within the municipality be conducted at least once every other year.

Unlike dogs, state law does not require municipalities to license cats. Somers Point requires the licensing of both dogs and cats. The city passed an ordinance in 1997 requiring the licensing and rabies inoculation of all cats within the city, in an effort to protect the public and other animals from rabies.

The city conducts an annual dog and cat census through the police department, who utilize crossing guards as canvassers. The purpose of the census is to insure all dogs are properly licensed and immunized against rabies. Those interviewed indicated that a canvass was conducted in 1998. However, neither the record of that canvass, nor the report to the state health department, were available for review.

Recommendation:

We recommend that the city conduct the canvass in accordance with the law and properly maintain its records regarding each canvass.

Records indicate that 557 dog licenses and 344 cat licenses were sold in 1998. 1998 was the first year for cat licensing. These licenses generated \$3,782 in revenue. Of this amount, \$2,062 was from dog licensing. The revenue figures include state fees imposed on dogs that are not spayed or neutered.

Data published by the American Veterinary Medical Association - Center for Information Management (1997) states that 31.6% of all households have dogs as pets and 27.3% of all households have cats as pets. They further estimate that there are 1.69 dogs for each dog-owning household. Among the cat-owning households, there are 2.19 cats per household. Based on these statistics, city assessing records, and the team's survey of apartment complexes permitting pets, we compute 4,052 households in which dogs and cats could live. Accordingly, we estimate that Somers Point has over 2,100 dogs and over 2,400 cats. Based on this estimate, a more complete canvas of the dogs and cats in the city could increase revenue from dog and cat license sales by approximately \$16,500. We estimate a team of canvassers working 360 hours at \$7 per hour could complete a thorough canvass of unlicensed households at a cost of under \$2,600. Subsequent canvassing should take less time due to increased compliance.

Recommendation:

The team recommends that the city review the current work effort in conducting an animal census in an attempt to reach every household and identify unlicensed dogs and cats.

Revenue Enhancement: \$16,500

Judging from the small number of cat licenses issued and the limited enforcement, it appears that the public and governing body are not convinced of the benefits of cat licensing. Accordingly, the public appears to have accorded the ordinance scofflaw status.

Recommendation:

We recommend that the city council review this ordinance and determine if cat licensing is desirable or not. The council should then act to either repeal or enforce the ordinance.

License Fees

N.J.S.A. 4:19-15.12 allows a municipality to set that portion of the dog/cat license fee that is retained by the municipality at not less than \$1.50 and not more than \$7.00. Somers Point has set the fee for both dogs and cats at \$3.80 (exclusive of state imposed charges such as pilot clinic, registration, etc.). Based on the estimated number of dogs and cats in Somers Point, increasing the fee to \$7.00 would bring in an additional \$14,400 in addition to the revenue generated.

Recommendation:

The team recommends that Somers Point increase their dog/cat license fee to the maximum allowable by law.

Revenue Enhancement: \$14,400

Free Rabies Clinics

The clerk's office also organizes and conducts a yearly dog clinic, through which free rabies inoculations are made available to all eligible dogs. The rabies serum is provided by the state. The city pays for a local veterinarian to inoculate the animals. Atlantic County also provides free rabies clinics on a regular basis at locations throughout the county.

Animal Control

The city has sought proposals for animal control and, as a result, has contracted with a private firm to provide animal control services. These services include daily patrol of the city to pick up and remove any stray animals, animals running at large or dead/injured dogs and cats. The animal control officer is, also, charged with enforcing city and state ordinances and statutes regarding domestic animals. In this capacity, the officer has the authority to issue summonses for any violation that he observes, including licensing violations, domestic animals running at large, etc. Most of the calls for animal control service are funneled through the police dispatching system to the animal control officer. However, the contractor does publish a phone number for city residents to call directly. A small number of calls are, also, forwarded to the contractor from the Atlantic County Animal Shelter. The contract, also, sets forth the fees that will be charged to private citizens who require the animal control officer to remove privately owned dogs or cats.

The city has, also, taken the initiative to supplement these contracted services by having two of their police officers certified and trained by the state department of health to euthanize and/or tranquilize animals. By having officers on staff properly trained and equipped in this manner, the city can quickly move to aid any citizen that might be confronted with a situation involving a dangerous animal.

The team commends the police department for training and equipping its staff to deal with potentially dangerous animals.

Stray animals are taken to a regional animal shelter operated by Atlantic County. This shelter is funded by the county through a county health tax and takes in animals from the public as well as from animal control officers throughout the county. The main functions of the shelter are to house strays, return lost animals to their rightful owners, and provide rabies quarantine as needed.

FINANCIAL MANAGEMENT

The city's finance department is composed of a part-time Chief Financial Officer (CFO) and one full-time finance clerk. The New Jersey Department of Community Affairs has certified the CFO as a municipal finance officer. In addition, the city administrator is certified as a municipal finance officer. The finance clerk serves as the payroll supervisor in addition to her other duties.

This office is responsible for processing payroll, purchasing and accounts payable, accounts receivable, and general bookkeeping and banking for the city.

Purchasing Policies and Procedures

The purchasing process is a business function of each of the departments in the city. Municipalities must comply with the Local Public Contracts Law, N.J.S.A. 40A:11-1 et. seq. The department handles approximately 3,800 purchase orders annually. Typically, purchasing of goods and services conform to the following steps:

- ❖ The user departments/workgroup prepare a typed or handwritten three-part purchase order/voucher. The department head approves the purchase order. The first two copies are sent to the finance clerk for processing and the third one is retained by the requesting department/unit. The purchase order is typically submitted two to three weeks before the goods are routinely needed. Additional time is given when an item(s) requires a quote or bid.
- ❖ The information is entered into a PC-based budget, accounting and finance program that assigns a document number.
- ❖ The purchase order is sent to the finance officer for certification that funds are available in the proper budget account for the proposed purchase. If approved by the finance officer, funds are encumbered (set aside) for the purchase. If the finance officer does not approve the purchase order, the originating department/unit is notified and the order is either resubmitted or cancelled.
- ❖ Both purchase order copies are sent to the vendor. One, the voucher, is returned to the city by the vendor with an invoice once the goods or services have been delivered.
- ❖ After the goods and/or services are satisfactorily delivered, the relevant department head validates the vendor's invoice, and sends the bill to the finance clerk, where it is matched to the purchase order.

- ❖ On a weekly basis, the documents are assembled and sent to the city administrator for payment authorization. In his absence, the finance officer may authorize payment.
- ❖ Checks are prepared and a bill list is prepared and submitted to the city council on the Tuesday immediately prior to the council meeting. If approved by council, the checks are disbursed, and the budget report updated. Checks are typically issued within 30 days of receiving the invoice.

Blanket Purchase Orders

A blanket purchase order establishes a “not to exceed amount” within a certain business period (e.g., one month) and with a specific vendor. These transactions are used when the need for an item cannot be reasonably predicted and does not warrant an individual purchase order. Blanket orders serve to allow staff to promptly obtain the supplies needed and minimize the transaction cost for small purchases. Typically, municipalities will issue blanket orders for minor auto parts and hardware supplies. It appears that the city uses blanket orders appropriately. The city does not appear to have authorized open purchase orders. Open purchase orders are purchase orders issued without both a dollar and time period limitation, and are undesirable.

Emergency Purchases

An emergency purchase is authorized when the delivery of a good or service will help to protect the public’s health, safety and/or welfare. The city administrator and/or the finance officer must authorize these transactions. In the absence of both authorities, a staff member in the finance office assumes responsibility for the authorization. Regardless, the departments/workgroups always solicit bids and quotes whenever it applies, and is required, and state contracts are used accordingly.

Purchase Order Consolidation

The departments/workgroups purchase independently and, with few exceptions, orders are not consolidated. Accordingly, orders are sent to the same vendor from various workgroups. Nonetheless, the departments are satisfied with the vendors and delivery service companies. Other municipalities have reduced the number of purchase orders processed without upsetting the decentralized purchasing process or creating inappropriate inventories of supplies by limiting the number of times per year a department can order commonly used items. Orders for office supplies, for example, are permitted once each calendar quarter. This limits the volume of purchase orders processed, requires the work group to plan its needs, and allows the purchasing officer to consolidate similar requests when appropriate.

Recommendation:

We recommend that the city staff attempt to consolidate items commonly used in all departments, such as office supplies. This will reduce the number of purchase orders generated, and the time and effort spent receiving the goods.

The State Distribution and Support Services Center (DSS) offers office supplies and accessories and other commodities at significant discounts, while satisfying the requirements for public bidding. At the time of the team's fieldwork, the city did not have an account with DSS. The city administrator is exploring the benefits of purchasing from this source.

Budget, Accounting and Purchase Order System

The municipality uses an online "budget, accounting and purchase order system" developed by a private company, that has provided financial and accounting services to public entities for nearly 30 years. The firm has many New Jersey municipal and school clients and has served the City of Somers Point for the past eight years.

The city uses many of the system applications, including a purchase order module that enables the user to prepare, record, generate, and monitor purchase orders on-line. This feature is presently available only to the administration office and finance department. The city administrator plans to offer this to other departments/workgroups in the future, but a definite timeframe has not been established. The police and public works departments and the city clerk's office are the workgroups initially earmarked to use the purchase order module. Other groups will be phased in, as needed, and the vendor will provide onsite user training to the department heads and their designated staff.

The purchase order module enables the user to electronically prepare and process purchase orders, including the necessary approvals. This feature saves many hours of redundant processing that exists at the user level and in the finance department and provides the department with more timely information on the status of an order and payments. We encourage the city to expedite the implementation of the on-line purchase order module.

Fixed Asset Inventory

All tangible assets, regardless of value, are identified, recorded, and labeled by an independent appraisal service company. The firm performs an annual physical inventory for the city and provides a file to the city administrator that is stored on his PC. The city administrator notifies the appraisal service of any changes that occur during the year. It appears that the fixed asset system complies with the requirements of the New Jersey Department of Community Affairs.

Those interviewed were considering purchasing the fixed asset module, supplied by the firm handling the other accounting software, for the city to allow the inventory file to be maintained in-house. However, neither a timeframe nor cost has been determined for this initiative.

CASH MANAGEMENT

The cash management functions are handled primarily by the CFO. Although he is responsible for the routine functions and processing, the city administrator is also involved with procedural changes, investment strategies and banking service arrangements.

The relevant bank statements are reconciled by the city clerk, court administrator, and finance officer.

The city administrator, city clerk, court administrator, deputy court administrator, finance officer, mayor, public assistance director and tax collector may sign checks for the relevant accounts. Checks require two signatures, and someone other than the person signing the checks reconciles the accounts.

Banking

The relationship between a municipal government and its financial service provider is usually described in a written agreement between the local entity and its banking partner. The city solicited proposals in early 1999. Only one bank responded and was chosen as the city's primary depository. The agreement between the city and its primary bank illustrates the various services and related fees that the bank agrees to provide, as well as, the contract term of one year. Those interviewed expressed satisfaction with the banking services provided.

The city does not use automated on-line products such as account reconciliation, electronic fund transfers, balance reporting, and direct deposit. Certain automated products may be a viable alternative to using staff time, even for the small commercial customer. The best way for a local entity to determine the practicality of any banking service or product is to meet with its government banking representative and discuss user needs versus what the vendor has to offer.

We understand the administrator plans to examine banking services in the near future.

We commend the city for competitively quoting banking services and encourage it to obtain proposals from area banks periodically.

Cash Management Plan

The city adopted a cash management plan (Resolution No. 144 of 1999) in accordance with the State of New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5 et. seq. The plan includes the designated public depository(s), permissible investments, approval of plan modifications by vote of the governing body, plan's annual audit, and the correlation between the funds required for capital project(s) and the associated bond(s) maturity date(s) for instruments that are due past one year.

General Operating Cash Accounts

The following accounts were opened with the primary bank in the late part of 1999: general capital, animal control, current fund, court bail, court violations, payroll, tax collector general, premium, and redemption accounts, public assistance trust fund I & II, trust fund, and the unemployment account.

The city continues to maintain the following accounts in a second community bank: law enforcement trust fund, dog license, marriage license, registrar and clerk's account. With the exception of the law enforcement fund, the accounts are essentially kept for control purposes. For example, the receipts are deposited into the respective accounts and remain until month-end,

when the funds are disbursed to state and municipal accounts. The law enforcement trust is an account, required by law, to receive proceeds of cash and property forfeitures arising out of criminal activity. The law restricts the use of these to certain law enforcement uses.

Account Analysis Process

The city has maintained its accounts under an “account analysis” service provided by the banks. This service provides a monthly detail of the bank’s services and associated fees, in addition to a traditional bank statement. The account analysis statement also identifies the average daily balance available for investment or withdrawal. This is the basis for calculating the interest earnings that are subsequently transferred to the current account.

This process enables the client to typically earn higher interest income, since it is computed daily against the aggregate of account balances. In contrast, a traditional method is to compute interest against each account individually and, not necessarily, daily. Clearly, the earnings will be higher when the interest rate is computed daily on the aggregate amount as opposed to applying it separately to each account less frequently. The city also benefits by seeing the fees for banking services each month.

The net available balance during 1998 ranged from \$888,600 to \$3,674,400.

Cash Account Analysis

The team performed an analysis of the various operating bank accounts. Our analysis compares the interest actually earned by the township from January through December, 1998 to the earnings that would have been achieved in the New Jersey Cash Management Fund (NJCMF) and the three month treasury bill. The analysis indicated that the city earned a competitive interest rate on its net available balances.

The interest rates paid by the city’s primary bank ranged from 4.00% to 5.18%, with interest earnings of \$110,990. The 91-Day T-Bill rate ranged from 4.08% to 5.10%, with net potential earnings of approximately \$110,960, or \$30 less than the interest paid by the bank. The NJCMF rate ranged from 4.98% to 5.45%, with net potential earnings of approximately \$121,714, or \$10,724 more than the bank paid.

We recognize that the NJCMF may not always represent the most competitive interest rate, however, it should be considered as a secure, liquid investment option. Redeemed funds are generally available in one business day.

The municipality does not have an account with the NJCMF, largely because the city’s primary bank offers a competitive rate on overnight deposits.

We conclude that the city staff acted to maximize interest earnings.

Recommendation:

We recommend the city establish an account within the NJCMF and to invest with the fund when advantageous.

Cash Flow Analysis

The municipality monitors and controls its budget and cash flow to where over-expenditures and negative account balances do not occur.

Cash flow projections are an easy and effective means of monitoring and controlling revenues and expenditures. They provide a meaningful mechanism by which the entity can decide how much it can invest and over how much time, increasing its opportunity to enhance its earnings. Likewise, the long-term projection can be used to develop a short-term version, which would typically include a more detailed accounting of revenues and expenditures. Preparing a one-year projection in concert with the budget can provide a useful forecast of the municipality's cash flow.

Recommendation:

We recommend the city prepare, at a minimum, a one-year cash flow projection.

PERSONNEL – PAYROLL AND BENEFITS**Organization**

The 1998 workforce was composed of 62 full-time, 65 part-time and 13 seasonal staff. The 140-member staff included 19 employees who retired, or otherwise terminated service, during the year. The aggregate workforce is essentially the same size as it was in 1997.

The police department is the largest department with 36 employees, or 26% of the city's workforce. The department consists of 28 uniformed officers, supervisory staff, and detectives. The department also employs eight civilian staff.

The EMS department is the second largest workgroup with 20 employees, or 14% of the total workforce. This group consists, exclusively, of part-time certified emergency medical technicians.

The public works department is the third largest group, composed of 18 employees, or 13% of the workforce. This department also hires summer help to assist with seasonal workloads.

The Administrator has the primary responsibility for supervising the personnel function within the city. These functions include evaluating employees, negotiating labor contracts, and overseeing the various health benefit and workers' compensation insurance programs.

Work Schedule

All full-time public works employees work 37½ hours a week and are entitled to a one-hour lunch period and two 15-minute break periods.

Clerical and professional employees, who were hired before January 1, 1994, work 30 hours a week and are entitled to a one hour lunch period and two 15 minute break periods. The staff has the option to work 35 hours a week and receive additional compensation accordingly. Full-time clerical and professional employees hired after January 1, 1994 are required to work 35 hours a week and are entitled to the same lunch break and rest periods as noted before.

The police work schedule is discussed in the police section of this report.

We commend the city for requiring newer full-time employees to work at least a 35-hour week.

Recommendation:

We recommend the city negotiate a minimum 35-hour workweek for all remaining employees, not including the lunch period.

Pensions Plans

The full-time employees are members of two state pension systems: the Police and Firemen's Retirement System (PFRS) for sworn officers and the Public Employees' Retirement System (PERS) for all other employees.

Collective Bargaining Agreements

The following collective bargaining agreements cover the full-time employees:

- 1-2) The New Jersey State Policemen's Benevolent Association and the Mainland Police Benevolent Association, Local 77, include patrolmen and dispatchers.
- 2-3) The South Jersey Superior Officer's Association and the Mainland Police Benevolent Association, Local 77, represent the Captains and Lieutenants.
- 4) The Somers Point Police Supervisor's Association consists of all regularly appointed Sergeants.
- 5) The International Brotherhood of Teamsters, Local 115, comprises the public works staff (blue collar) including laborers, truck drivers, maintenance and sanitation workers. The union also represents professional positions (white collar) including accountant, bookkeeper, court administrator, deputy court administrator, deputy tax collector and secretary, as well as, all clerical titles.

The team believes the inclusion of the dispatchers in the police bargaining unit contradicts the provisions of N.J.S.A. 34:13A-5.3, which limit police union membership to police officers.

The future of the dispatch operation is discussed in the police dispatching section of this report.

Recommendation:

We recommend that the scope of the police bargaining unit be revised in accordance with the law.

Labor Negotiations

The city administrator handles all contract negotiations, except with the police. The city does not employ a labor negotiator or attorney for the non-phone contracts. The city's general counsel is used, on occasion, to draft and/or validate contract language. The city's recent labor history has been cooperative.

The Teamsters Union business agent and employees from the public works staff, the clerical staff, a shop steward from the public works department represent the union during negotiations.

The chief of police is responsible for negotiating with the sworn officers. The city contracts the services of a labor negotiator for the phone contracts.

Current employee contracts run for three years (January 1, 2000 to December 31, 2002) and were settled within three months, due primarily to the city administrator's efforts in preparing and negotiating the labor agreements. Moreover, the police department contract dovetails with those of the other municipal agreements. Importantly, the current contracts maintain essentially the same level of employee fringe benefits as the former agreements. The labor contracts are well organized and comprehensive.

Non-Contractual Staff

The administrative staff includes full-time non-contractual employees, such as, the chief of police, city administrator, city clerk, construction official, deputy city clerk, public works director and recycling coordinator, tax assessor and tax collector. A number of these positions have statutory tenure or severance provisions.

Personnel Policies and Procedures Manual

The personnel manual consists of eight sections:

- 1) general information;
- 2) definitions;
- 3) recruitment and placement;
- 4) changes in employment and separation from service;
- 5) classification and compensation;
- 6) employee benefits;
- 7) leaves of absence; and
- 8) general rules and regulations.

The city administrator distributes a manual to all employees. The manuals are numbered and the employees sign that they have received the manual.

A personnel committee, including the city administrator, reviews the manual annually, revises it as may be required and distributes copies of the changes to the employees.

The city is commended for its well-organized and comprehensive personnel manual.

Salaries and Wages

Employee salaries, wages and benefits represent the largest portion of a municipality's expenditures. We define "salary and wage expenditures" as the amounts paid to employees for their work. The "employee position cost" is the annual aggregate expense that a public entity incurs to maintain a worker. The components include base salary plus direct benefit costs, such as, cash payments, stipends and/or contributions made by the employer on behalf of the employee. Direct benefit items include overtime, longevity pay, clothing allowance, pension, social security, Medicare and medical benefit contributions, sick leave buy-back, and the like.

The aggregate employee position costs in 1998 were \$3,722,734. In addition, indirect benefit costs were \$297,028, which include vacation, sick and personal leave. These are fringe benefits where there is no payment of cash.

During 1998, the contractual employees received a 3.5% annual merit increase.

Overtime

Full-time contractual employees, except for police captains and lieutenants, are entitled to one and one-half times the straight time rate when they work more than 40 hours per week. The employee's supervisor and/or department head must approve overtime in advance unless there is an unusual circumstance where this is not practical.

Policemen, dispatchers and sergeants receive their overtime at the end of each quarter or they may elect to receive compensatory time off as long as the department head grants them prior approval.

During 1998, overtime expenditures were \$79,409.

Longevity Pay

Employees covered by a collective bargaining agreement are entitled to an annual stipend conditioned on their position.

The patrolmen and dispatchers earn \$300 after completing three years of service. The stipend increases each year by \$100 increments, to a maximum of \$2,500 after 25 years of service.

The captains and lieutenants earn \$1,300 after completing 13 years of service. The stipend increases each year by \$100 increments, to a maximum of \$3,000 after 30 years of service.

The sergeants earn \$300 after completing three years of service. The stipend increases each year by \$100 increments, to a maximum of \$3,000 after 30 years of service.

The public works employees earn \$100 after completing three years of service. The stipend increases each year by \$100 increments. Accordingly, an employee with 25 years of service would receive \$2,500.

The clerical and professional staffs earn \$100 after completing three years of service. The stipend increases each year by \$100 increments. Accordingly, an employee with 25 years of service would receive \$2,500.

During 1998, employees received \$68,700 in longevity pay.

These longevity provisions are not remarkably different than those found in other labor agreements in the state.

Clothing Allowance

The municipality replaces uniforms that are damaged in the line of duty, in addition to awarding cash allowances.

The patrolmen receive \$500 per year for uniform replacement and \$525 for cleaning. Plainclothes officers and K-9 officers receive \$600 per year for uniform replacement and \$525 for cleaning.

The dispatchers receive \$250 per year for uniform replacement and \$250 for cleaning.

The captains and lieutenants receive \$575 per year for uniform replacement and \$525 for cleaning.

The sergeants receive \$500 per year for uniform replacement and \$500 for cleaning.

The city replaces the uniforms for the public works employees (blue collar).

During 1998, employees received \$24,015 in uniform allowances.

The New Jersey State Police use the “quartermaster system,” where items of uniform are replaced when worn out and officers return the worn item for replacement. This system generally reduces the purchase of unneeded uniform items.

Recommendation:

The team recommends the township adopt a quartermaster system, whereby, new uniforms are issued upon return of the worn apparel. The team was unable to estimate the savings since the present system does not require the worn uniforms to be turned in.

Officer-In-Charge

A police officer is entitled to a stipend when he or she serves as a senior officer for 30 days, in the absence of the person formally appointed to that position. Compensation is based on the current rate paid to the officer holding the permanent title.

During 1998, there were no officer-in-charge stipends paid.

Education Incentive and Stipend

Employees are reimbursed for expenses relative to job-related programs, seminars, conferences and workshops.

The city also awards an annual stipend for patrolmen, dispatchers, lieutenants and captains that successfully complete an Associate or Baccalaureate degree that is commensurate with their job. The annual stipend is a lump sum payment of \$800 or \$1,100 respectively.

The stipend is not offered to police Sergeants, public works employees (blue collar) and clerical and professional staff and department head approval is required under the foregoing situations.

During 1998, there were no education incentive stipends paid.

Employee Leave Benefits

Full-time permanent employees are defined as persons who hold a permanent position and are routinely scheduled to work 30 to 35 hours per week. These employees are entitled to fringe benefits in accordance with his or her contractual agreement and/or as mentioned in the personnel manual.

Part-time permanent employees are defined as persons who are routinely scheduled to work 20 hours or more, but less than 40 hours each week. As such, these employees are entitled to proportionate paid vacation leave, as well as, a paid holiday when it falls on a regularly scheduled workday.

Hourly employees are hired as needed and work seasonally. These are typically workers employed for the summer. The seasonal staff is not entitled to fringe benefits even though they may work 20 hours or more each week.

Vacation Leave

Vacation leave is to be requested two weeks in advance and must be taken in the year it is earned. The department head approves the request, based on seniority and workload requirements.

Unused vacation may be carried forward to the succeeding year with prior approval from the department head.

The patrolmen and dispatchers earn vacation leave as follows:

YEARS OF SERVICE	LEAVE ALLOWANCE
Year 1	1 day per month
Years 2 through 4	12 days per year
Years 5 through 8	15 days per year
Years 9 through 12	19 days per year
Years 13 through 17	22 days per year
Years 18 through 21	25 days per year
Year 22 and thereafter	30 days per year

The captains and lieutenants earn vacation leave as follows:

YEARS OF SERVICE	LEAVE ALLOWANCE
Year 1	1 day per month
Years 2 through 14	<u>N/A – see contract (pg. 9)</u>
Years 15 through 19	22 days per year
Years 20 through 21	25 days per year
Years 22 through 29	30 days per year
Year 30 and thereafter	33 days per year

The sergeants earn vacation leave as follows:

YEARS OF SERVICE	LEAVE ALLOWANCE
Year 1	1 day per month
Years 1 through 3	<u>N/A – see contract (pg. 9)</u>
Years 4 through 8	15 days per year
Years 9 through 12	19 days per year
Years 13 through 17	22 days per year
Years 18 through 21	25 days per year
Years 22 through 30	30 days per year
Year 31 and thereafter	<u>N/A – see contract (pg. 9)</u>

The public works employees (blue collar) earn vacation leave as follows:

YEARS OF SERVICE	LEAVE ALLOWANCE
Year 1	1 day per month
Years 2 through 5	12 days per year
Years 6 through 10	15 days per year
Years 11 through 15	18 days per year
Years 16 through 20	21 days per year
Years 21 through 25	24 days per year
Years 26 through 30	30 days per year
Year 31 and thereafter	32 days per year

The clerical and professional staffs (white collar) earn vacation leave as follows:

YEARS OF SERVICE	LEAVE ALLOWANCE
Year 1	1 day per month
Years 2 through 4	12 days per year
Years 5 through 10	14 days per year
Years 11 through 15	16 days per year
Years 16 through 20	18 days per year
Years 21 through 25	20 days per year
Years 26 through 30	22 days per year
Year 31 and thereafter	24 days per year

During 1998, employees earned 3,024 vacation days, valued at \$490,245.

Vacation Buy-Back

A sworn police officer has the option to sell back a portion of his or her annual vacation leave to the city. The buy-back provision allows for an employee to receive a cash payment in lieu of three, five and 13 vacation days, depending upon the contract. Patrol officers and dispatchers covered by the New Jersey State Policemen's Benevolent Association can buy back three days. Captains and lieutenants represented by the South Jersey Superior Officer's Association can buy back 13 days. All sergeants under the Somers Point Police Supervisor's Association can buy back five days.

The public works staff and clerical and professional positions are not entitled to the vacation buy-back fringe benefit.

During 1998, there were no vacation buy-back payments.

The vacation allowance for senior city employees appears generous. Frequently, these senior employees occupy supervisory positions and the city suffers an additional value loss through the absence of guidance for their respective departments and divisions.

An employee in the police department with twenty-two years of service with the city is given 30 days paid vacation. Essentially, a senior employee could be absent for a total of six working weeks each year through vacation leave alone. This vacation benefit, together with the personal days and holidays, means that a senior employee will be on leave nearly ten working weeks per year. The state requires that civil service employees receive a minimum allotment of vacation days. The labor contracts of the city provide greater numbers of vacation days than the civil service minimum.

By contrast the state vacation schedule maximum is 25 days.

Recommendation:

The team recommends the city negotiate more modest vacation allocation for municipal employees.

Sick Leave

Employees earn sick leave at one day for each month of service during the first year and 15 days annually for each year of service thereafter. Sick leave may be accumulated without limit.

During 1998, employees accrued 880 sick days, valued at \$120,917.

Sick Leave Buy-Back

Unused sick leave is paid to an employee when he or she terminates employment with the city in “good standing,” and, after five years of continuous service. Compensation is paid at the employee’s daily rate, in accordance with the negotiated agreement:

- a) all sworn police officers and dispatchers receive 260 days; and
- b) the public works staff and all clerical titles and professional positions are entitled to a maximum allowance of \$20,000. An employee may also choose a lump sum payment or biweekly installments equivalent to the number of qualified paid days.

During 1998, employees received aggregate payments of \$32,555.

By contrast, the state sick leave buy-back policy provides a \$15,000 cap. Other municipal policies with which the team is familiar require ten years of service before being eligible for a buy-back.

Capping the buy-back will allow the city to more accurately predict its liability. The team was not able to compute the city’s liability because the payroll records maintained by the city did not provide an accounting of the accumulated sick leave.

Recommendation:

We recommend the city negotiate a \$15,000 cap for unused sick leave, to be paid at retirement. The potential savings cannot be determined since the payroll information provided does not account for the cumulative sick leave.

Holidays

Full-time public works staff and clerical and professional positions are entitled to 13 paid holidays per year. The part-time staff is entitled to a paid holiday whenever the day occurs on the employee’s routine scheduled workday.

A sworn police officer is entitled to up to 15 additional vacation days per year at the straight time rate for working during an observed holiday. If work is performed on New Year's, Thanksgiving and/or Christmas Day, the employee is entitled to one and one-half times the straight time rate. An employee may also choose a lump sum payment.

A dispatcher is entitled to 12 compensatory days per year, in addition to his or her regular compensation. In addition, if a dispatcher works on a holiday, he or she is entitled to the straight time rate. If work is performed on New Year's, Thanksgiving and/or Christmas Day, the employee is entitled to one and one-half times the straight time rate.

The public works staff and all clerical titles and professional positions are entitled to twice the straight time rate (double time), with an exception, if he or she works on an observed holiday. If work is performed on New Year's, Thanksgiving and/or Christmas Day, the employee is entitled to a double time and one half rate.

Personal Leave (Floating Holidays)

The public works staff and clerical and professional positions are entitled to two non-cumulative days a year. A leave request must be submitted to the department head 48 hours in advance, unless an emergency prevents the employee from sending the notice as required.

During 1998, employees earned and used 116 personal days, valued at \$15,599.

Bereavement Leave

Employees are entitled to four days off with pay, upon the death of an immediate family member (parent, spouse, child, foster child, sibling, grandparent, mother-in-law or father-in-law). This leave policy is also honored upon the death of a relative residing in the employee's household.

Jury Duty or Court Appearance

Employees are entitled to paid leave for the time they serve on a jury or are called as a witness in a civil or criminal case. Any compensation that the employee received as a juror, exclusive of travel and meal expenses, is reimbursed to the city.

Military Duty

The city grants military leave for eligible employees in accordance with the provisions of the N.J.A.C. 4A:6-1.11 et. seq. and the New Jersey Department of Defense regulations N.J.A.C. 5A:2.

Employees who are members of the National Guard or Reserve are entitled to 15 days leave of absence during the year. Those taking military leaves are paid the difference between their military pay and their normal pay. During interviews the team heard concerns that supervisors were not supportive of employees taking military duty leave. Some felt military reserve membership was informally discouraged. The team reviewed the township's policies and procedures and found that they complied with the state law and regulation. Management may wish to review state and federal law, regulations, and township policy with supervisory staff to ensure that unintended messages contrary to local and state policy are not being communicated.

Medical Benefits

Health benefits are discussed in the health benefits section of this report.

Payroll

A finance clerk (payroll supervisor), with the city since 1980, has been responsible for the payroll office since 1995.

The payroll runs on a biweekly cycle ending on a Friday. The salaried staff is paid to date, except for the governing body, who are paid quarterly. The non-salaried employees have one week accrued salary, but the city is moving toward a consistent schedule, whereby, there are no salary and wage accruals, with the exception of the governing body, which will continue to be paid quarterly.

The timesheets and worksheets are prepared at the department level and submitted on Friday morning, one week in advance of the check distribution date. The information is consistently neat and legible and sent to the payroll office on time.

A payroll service firm picks up the data sheets on Tuesday morning and processes and returns the checks and reports within one business day. Subsequently, the payroll section validates the material and prepares the checks for distribution on Friday morning.

Even though the payroll section processes the information online, it does not transmit it electronically to the Service Company since the municipality's computerized system is not configured to do so. The payroll information is linked to a budget worksheet that is used for transfers at year-end.

Payroll Service

The city's payroll service firm has been under contract since 1994. The municipality is very pleased with the services provided and relative fees. The service package costs approximately \$3,600 a year and the city is billed monthly. The rate has not been increased since the inception of the first contract. The service includes, but is not limited to, the preparation of: 1) an estimated 2,000 checks annually; 2) companion biweekly edits; and 3) quarterly and year end tax reports. The company also files the employee withholding taxes and contributions with the state and federal agencies and transfers the funds accordingly.

The average cost per check is \$1.80, which compares favorably with rates of \$2.50 to \$3.00 charged by other vendors in other New Jersey jurisdictions.

We encourage the city to periodically solicit proposals to verify they are continuing to receive a competitive service.

Direct Deposit

The city's current banking partner has recently introduced direct deposit and the employees are encouraged to participate in it. Direct deposit has proven to be a viable alternative to the traditional paycheck. There are many advantages to direct deposit for both employees and the township:

- reduces check printing;
- increases security;
- expedites bank reconciliation process;
- eliminates lost checks, stop payments;
- establishes up-to-date bank balances sooner;
- saves employee time;
- employee benefits from the participating bank such as free regular checking, free automated; and
- teller machine (ATM) cards; discount on loan and mortgage rates.

The efficiencies and security provided to the township, both in reconciling the payroll account and avoiding the stop payment and re-issuance of lost or mutilated checks, will increase if direct deposit is mandatory for all employees. Requiring new employees to enroll in direct deposit is an initial step.

Recommendation:

The LGBR team recommends that the township require that new employees enroll in the direct deposit feature.

TAX COLLECTION

The tax collector's office is currently organized with two full-time employees, the tax collector and the deputy tax collector. The total gross salary paid to these employees in 1998 was \$49,906. They also received direct benefits, which brought the full loaded wage cost for this office to \$60,123. The tax collector's "other expenses" line in their 1998 municipal budget was charged \$13,552 for operating expenses.

These employees bill and collect taxes from the 4,115 tax accounts in the township. In addition to sending out regular tax bills, they are also required by law to send out advisory bills. Advisory bills are notices sent to property owners whose taxes are paid through a mortgage company. Approximately 2,500 of these advisory notices are sent out each year. The city's computer software vendor prints, bursts and sorts the tax bills and delinquent notices and forwards them to the tax collector. Tax office staff check the bills for accuracy, file the duplicates, fold and stuff the tax bills and mail them. Tax bills are mailed out annually and payments are received quarterly. The vendor, also, prepares delinquent notices in a similar manner.

The office does take advantage of available technology to process tax payments. Bills are printed with bar codes that allow the electronic retrieval of information such as the block and lot numbers of the parcel, ownership, and taxes due. When the payment is received, the tax payment stub is scanned, the payment is compared to the amount due and, if no changes are required, the payment is posted electronically. Staff estimates that 85% to 90% of all tax payments are posted in this manner. Mortgage companies provide batch payments for most of their clients. They send in payment stubs accompanied by one payment for the total amount. The tax software allows the office staff to scan all of the stubs and then record the single, batch payment in one operation. This process cuts down on the time it takes to process individual checks. Many mortgage companies will accept tax billing information electronically and provide payment and posting information electronically, further reducing the handling of stubs in the office.

Recommendation:

We recommend the tax collector explore the receipt of electronic payment information from mortgage companies with the software vendor that they deal with, in an effort to establish electronic billing/posting, whenever possible.

Operations

Local Government Budget Review has established a benchmark of one employee for every 3,000 ± tax accounts. Staffing in this office equates to one employee for every 2,057 tax lines, well below the benchmark. The office does not handle any special assessment or utility account.

Recommendation:

The team recommends a reduction in staff for the department of tax collection, from two full-time employees to one full-time tax collector and a part-time deputy collector.

Cost Savings: \$8,833

The team feels that the staff in the tax collection office can be more fully occupied with additional revenue responsibilities currently placed in other offices. For example, the team has recommended, in the public works section of this report, that the fiscal responsibilities associated with issuing boat ramp permits and collecting the subsequent fees should be removed from public works. We also recommend in another section of this report, the fiscal responsibilities associated with revenue generated from parking meters at municipal parking lots should be reorganized. In addition, the assessing section of this report recommends providing the assessor with clerical assistance.

Tax Sale

The city normally holds its tax sale each year, typically in May. A tax sale is the sale of liens placed on properties that are delinquent as of December 31st of the previous year. Delinquent properties not only reduce tax revenue for the municipality, but they, also, put an extra burden on the municipal budget, by increasing the appropriation for reserve for uncollected taxes.

The municipality automatically takes possession of any liens that are not sold during the tax sale. These municipal liens can then be foreclosed upon, after being held for six months. Generally speaking, it is a benefit for the municipality to foreclose and take ownership of the properties as soon as possible. By doing so, the municipality removes the parcel from the tax rolls, thus, reducing the need to budget reserves for uncollected taxes. The municipality also gains a parcel that can be made available for public use or sold and returned to tax paying status. Staff has indicated that they plan to move the tax sale closer to the beginning of the year, until it is held in January. Doing so will reduce increase the city's cash flow; however, it will also reduce the city interest income from delinquent taxes.

Accelerated Tax Sale

Amendments to statute governing tax sales have created an accelerated tax sale option for municipalities. Unlike the traditional tax lien sale conducted the following year, the accelerated sale results in the receipt of the tax sale proceeds in the current budget year. In the initial year, the receipt of both the accelerated tax sale funds and the prior year's traditional tax sale funds creates one-time revenue, which becomes surplus. Because this is a one-time revenue source and has potential negative financial impacts in subsequent years, it is not recommended without careful consideration of the long-term impacts.

Tax Title Liens

The city holds liens on 12 properties that are eligible for foreclosure, not including four which are under bankruptcy. Some of these liens go back as far as 1971, with 75% of them dating prior to 1986. The total assessed value of these properties is \$120,800. Using the average county and school tax rate over the last five years (\$2.3623 per \$100 of assessed value) we estimate that, over the last five years, the city appropriated approximately \$14,268 in reserve for uncollected taxes to support the school and county budgets.

Estimates to foreclose on properties vary, based on the number of properties involved. Legal work for up to 100 properties will be relatively the same, regardless of the exact number. The cost to perform searches will be in direct proportion to the number of searches. Although it is impossible for the team to estimate what the actual cost would be for the city to foreclose on the properties referenced above, we note that foreclosure costs in other Atlantic County communities ranged from \$225 to \$235 per item.

Recommendation:

We recommend the city obtain a proposal for legal services to foreclose on all eligible liens held by the city. Further, the foreclosures should be carried out without delay.

**Cost Savings: \$14,268 (over five years)
One-time Value Added Expense: \$2,820**

Among suburban municipalities, a 95% collection rate is typical. The city had a collection rate of 97.62% in 1998. The collection rate has shown a steady increase since 1993, culminating with over one full percentage point increase in 1998. The tax office sends out quarterly delinquent

notices and has recently begun to include letters with these notices to encourage payments. Due to bankruptcies and other financial circumstances, it is unusual for any town to achieve a 100% collection rate. The collection rates for the last six years are as follows:

1993	1994	1995	1996	1997	1998
95.02%	95.6%	96.37%	96.56%	96.28%	97.62%

The staff is commended for the consistently above average and increasing collection rate. We encouraged the city staff to continue to reach out to delinquent taxpayers in an effort to reduce the number of delinquencies.

The collection office and the tax assessor's office use the same municipal software packages. As a result, the offices are integrated and any information can be shared electronically by both offices.

The tax office currently keeps a close watch on tax overpayments. Once an overpayment is identified, an appropriate resolution is requested and the overpayment is applied to future taxes or refunded to the property owner. The city is carrying \$72,477.72 on its books from overpayments made in prior years. Many of these overpayments are very old and span numerous changes in property ownership. As a result, it has become very difficult to establish rightful ownership of these overpayments. The collector and the deputy collector are gradually investigating these past overpayments and are working to return them to their rightful owners. We encourage these overpayments be investigated promptly.

TAX ASSESSOR

A full-time assessor staffs the Somers Point assessor's office. The office operates without the benefit of any clerical or technical staff. The assessor has served the city since 1992, and has assessment experience in other municipalities and with a revaluation firm. Accordingly, we conclude the assessor is well qualified for the position. During 1998, the salary and wage expenditures were \$39,892. The other expenses were \$18,752. The fully loaded wage costs were \$50,521.

During the 1998 tax year, Somers Point City had 4,235 separate parcels, adding to \$585,507,200 in assessed value. The 1998 Atlantic County Abstract of Ratables reports nearly the same equalized valuation for the city due to the fact that 1998 was the initial year for a reassessment. The 1998 ratio of assessed to true value was 99.02%, a dramatic improvement over the 77.87 ratio in 1997. The following is a summary of the ratable base for the last three years:

	1999		1998 (Reassessed)		1997	
Property Type	# line items	assessed value	# line items	assessed value	# line items	assessed value
Class 1 – Vacant	227	\$16,435,900	234	\$18,847,700	293	\$12,178,700
Class 2 – Residential	3,613	\$393,934,400	3,729	\$396,599,300	3,739	\$315,341,300
Class 4A – Commercial	257	\$137,102,000	255	\$126,958,200	235	\$98,916,300
Class 4B – Industrial	0	0	0	0	0	0
Class 4C – Apartments	17	\$42,913,000	17	\$43,102,000	29	\$32,721,100
Totals	4,114	\$590,385,300	4,235	\$585,507,200	4,296	\$459,157,400
Exempt Properties	148	\$100,401,300	146	\$98,898,800	150	\$55,783,400
Tax Rate	\$2.792		\$2.818		\$3.597	
Equalization Ratio	96.24%		99.02%		77.87%	
General Coefficient	9.80		8.20		10.94	

We compute that Somers Point's 1998 taxable real estate is 88% residential, 6% commercial and 5.5% vacant. The residential and vacant land represents 71% of the assessed value. The commercial and apartment property represents 29% of the assessed value.

Growth in the city has been very modest, with added assessments ranging from eight to 15 per year, representing a total assessed value of \$1.2 million to \$4.3 million. The assessor has a good system in place to track building permits and inspect properties that may warrant a change in assessed value. In addition, the assessor has instituted an inspection program to be carried out over a five-year cycle to assure that the assessed values remain current. This will greatly aid the City in avoiding a costly revaluation in the future.

Coefficients of Deviation

A coefficient of deviation is a method of statistically determining the uniformity of assessments. The higher the deviation, the poorer the degree of uniformity. Conversely, the lower the deviation, the higher the degree of uniformity. In this report, only the general coefficient of deviation is examined. The general coefficient of deviation measures the degree of variation among all properties, without considering property class, size or other characteristics.

Somers Point's coefficients of deviation for 1997 through 1999 are superior. This is to be expected in a reassessment year; however, it appears that low coefficients preceded the reassessment.

The International Association of Assessing Officers (IAAO) standards recommend a maximum coefficient of deviation between 10% and 20%; however, less than 15% is desired. An examination of the coefficient of deviation within each property class may show one or two property classes need attention. The assessor can direct her efforts accordingly.

We believe that with diligent effort and periodic reassessment of neighborhoods, the assessor can maintain a high assessed to market ratio and a low general coefficient of deviation without the expense and effort of a comprehensive revaluation.

Office and Staffing

Using IAAO standards, LGBR would expect to see approximately 3,500 line items per staff person. Somers Point is operating at approximately 4,200 lines per staff member. Accordingly, while the office is functioning, clerical tasks limit the assessor's ability to accomplish technical tasks related to new construction, remodeling, and, most importantly, the on-going inspection program.

The assessor's office is well equipped and the space is adequate. The property record cards, tax maps, and other documents are housed within the assessment office.

The office technology is very good. The city contracts with a computer service firm to provide the assessment software and support.

Those interviewed estimated 80% of the assessors time is spent handling routine office work. While the assessor needs to attend to many of these tasks, many other functions are clerical in nature.

Recommendation:

We recommend the assessor receive part-time clerical help to allow her to use her time more effectively. We believe this can be done in conjunction with staff reductions recommended in the tax office, at no additional cost.

Tax Appeals

After the 1998 reassessment, approximately 400 informal hearings were conducted representing 9.5% of all taxable property. Subsequently, 199 appeals were filed with the County Board of Taxation, representing approximately 4.5% of all taxable property. Of those, 157 resulted in corrected values by stipulation or judgement. The total amount of correction represented 4½% of the amount appealed, and approximately ½ of 1% of the total assessed value of the city. We understand the assessor handles the defense of residential and small commercial appeals together with the city attorney. The services of an appraiser may be sued for larger commercial appeals. This is a cost-effective practice.

We commend the city and the assessor for a well-run assessment office.

INSURANCE

The city is insured for property, general liability, auto liability, workers' compensation, environmental impairment, public officials' liability, and employment practices liability through the Atlantic County Joint Insurance Fund (Atlantic JIF) and the Municipal Excess Liability Joint

Insurance Fund (MEL). Many other JIF's in the state have, in turn, become a member of the Environmental JIF (EJIF), which provides insurance in the specialized area of environmental impairment. The Atlantic JIF elected not to join the EJIF.

While the team recognizes the EJIF coverage may seem costly, we also believe that it is a very valuable coverage for the city for unexpected pollution events, such as hazardous waste being left on municipal property or, inadvertently, collected with the trash. We understand that the most basic response to such an event could cost \$25,000.

The employment practices liability coverage is offered to all member towns by the MEL. However, towns that have not adopted basic policies regarding personnel matters are subject to much greater deductibles and higher co-pays in the event of a claim. Somers Point has qualified for the improved coverage by demonstrating to the MEL that it has adopted the prescribed policies and procedures.

The MEL provides excess liability over the Atlantic JIF coverage for \$5 million. Up to an additional \$5 million excess liability coverage is available to the city for an additional premium. Somers Point has elected not to take additional excess coverage.

As a condition of participation in the JIFs, the city is required to appoint a commissioner to the JIF governing body. N.J.S.A. 40A:10-37 requires a JIF commissioner to be a member of municipal governing body or an employee of the municipality. The city committee has appointed a council member as the commissioner.

We commend the city for being an active member in the JIF and MEL.

Recommendation:

We recommend the city and the Atlantic JIF reconsider their decision to not join the EJIF.

Somers Point has appointed a third party contractor as its risk manager. The risk manager is available to advise city officials on insurance issues and attend safety committee meetings, as needed. The JIF compensates the risk manager at 5% of the premium charged by the JIF and the MEL. Accordingly, for 1999, the risk management consultant earned \$31,296 based on the Somers Point assessment of \$625,923. The consultant is not paid directly by Somers Point, but rather, the fee is built into the city assessment and paid to the consultant by the JIF. We believe the functions of a risk management consultant will vary widely from town to town, and the services provided may not have any relationship to the premium paid by the town. Additionally, we feel the city, rather than the JIF, should pay directly for any risk management services to avoid the appearance of having fees for contracts obscured by funneling them through third party agencies. We understand the JIF by-laws require the city appoint a risk manager and establish the fee to be paid by the JIF. We believe the city would be better served by appointing an in-house risk manager at no fee, and contracting for any specialized risk reviews that may be needed.

Recommendation:

We recommend the city appoint its own risk manager and use contracted risk management firms on an “as needed” basis. The city should pay said consultants directly.

The JIF also requires the city to designate a safety coordinator. Somers Point has designated the city administrator as the city safety coordinator. The team understands that safety functions are a priority for the city.

The city copies of the JIF meeting documents were not readily available. Upon inquiry, various staff members speculated that the designated commissioner might have kept the documents. The team’s experience with the various reports produced each month by the JIF is that the insurance, risk, and loss information is quite valuable in the management of the business of the city. Regular information from the JIF could only assist the city management staff in its daily activities. The team was ultimately able to obtain JIF meeting information from another member municipality.

The team reviewed the city loss runs from the claim handling firm and the Atlantic JIF meeting reports. Lost time frequency is a statistical measure of both the frequency and severity (in terms of lost workdays) of workplace accidents. The three-year average lost time frequency through November, 1998 was 2.98 lost time injuries per 100 full-time employees. This statistic represents a superior effort at maintaining workplace safety, when one considers the scope of services and operational size of Somers Point. By comparison, other members of the Atlantic JIF had three-year average lost time frequency ranging from 0.00 to 7.31.

The city has a safety committee consisting of the city administrator and department heads. Those interviewed reported Somers Point management thoroughly investigated accident causes and, when possible, took corrective action.

We commend the city and Atlantic JIF for the efforts in improving safety.

The sewerage authority is insured through the Utilities Authority JIF and the MEL. The authority insurance is discussed in the authority section of this report.

HEALTH BENEFITS

Major Medical and Hospitalization

The city provides managed medical, dental, prescription, and optical insurance coverage to its full-time employees. Part-time employees who work 20 or more hours per week are, also, covered by the plan. An employee’s eligible dependents are also covered. Employees hired prior to January 1, 1997 are covered under a Preferred Provider Organization (PPO) program. Those hired after January 1, 1997 are covered under a Health Maintenance Organization (HMO) program. The latter group may choose to participate in the PPO program by sharing in the cost for dependent coverage at the following rates:

Family	\$40 per month
Parent/Child	\$30 per month
Single	\$20 per month

Somers Point is one of seven Atlantic County municipalities that have joined together and are actively working to form a Joint Health Insurance Fund (HIF). They have taken the process to a point where they have found that, due to their lack of claims experience as a group, the cost for secondary insurance is prohibitive. During the team’s fieldwork, the city administrator reported that the group was attempting to join an existing HIF as a sub-group. This action was designed to permit the Atlantic County communities to enjoy the benefits of a larger, self-insured organization while they develop their own claims experience history that they can use in the future to support their own HIF. Since the completion of the team’s fieldwork, it appears that the formation of the HIF was discontinued due to changes in the healthcare marketplace unfavorable to the proposed HIF.

We commend the city for their success in establishing the basis for a shared cost approach to health insurance with all of their bargaining units. We also commend the efforts to further control health insurance costs.

Formerly, the State Health Benefits Program (SHBP) defines full-time employees, for purposes of benefits, as those working over 20 hours per week. More recently, the SHBP allowed local employers to establish their own threshold for benefits. The current definition reads as follows: “full-time shall mean employment of an eligible employee who appears on a regular payroll and who receives salary or wages for an average number of hours specified by the employer, but not to be less than 20 hours per week. It also means employment in all 12 months of the year except in the case of those employees engaged in activities where the normal work schedule is ten months.” While the city is not a member of the SHBP and, accordingly, need not use the SHBP definitions, it appears that the city may wish to consider revising the threshold work period required for benefits upwards.

The team recognizes that changes in health care programs are serious issues of concern for employees and their bargaining units. Negotiations to implement changes, although possible, can be divisive and require some trade-off in other areas. The results, however, can, over time, produce significant savings.

We recommend Somers Point City negotiate to limit their health coverage to employees working 30 or more hours per week.

The following table reflects 1999 expenditures for major medical/hospitalization and compares those to the State Health Benefits Plan (SHBP) rates in effect through 1999. The figures shown under the city plan are based on costs and coverage categories taken from actual billing for the period 6/1/99 to 7/1/99. These figures were then extrapolated to estimate a yearly cost to the city. The totals shown are indicative of the 65 regular group subscribers covered under the city’s health benefit plans in 1999. Of those regular group subscribers, 91% were under a PPO plan

and the remaining 9% had chosen HMO coverage. The chart below shows substantial savings, an estimated \$172,620, would have been enjoyed, had the city participated in the SHBP during that period.

	MONTHLY RATES PLANS OFFERED BY SOMERS POINT		MONTHLY RATES NEWJERSEY STATE HEALTH BENEFITS PLAN 1999* RATES W/O PRESCRIPTION COVERAGE	
Category	PPO	HMO	Preferred Provider Organization (PPO)	Health Maintenance Organization (HMO)
Single	\$263 x 12 months x 15 employees = \$47,340	\$164 x 12 months x 5 employees = \$9,840	\$171 x 12 months x 15 employees = \$30,780	\$197 x 12 months x 5 employees = \$11,820
Member/ Spouse	NOT AVAILABLE	NOT AVAILABLE	AVAILABLE	AVAILABLE
Family	\$745 x 12 x 41 = \$366,540	\$466 x 12 x 1 = \$5,592	\$443 x 12 x 41 = \$217,956	\$512 x 12 x 1 = \$6,144
Parent/ Child	\$530 x 12 x 3 = \$19,080	0	\$252 x 12 x 3 = \$9,072	0
**Total Premium	\$432,960	\$15,432	\$257,808	\$17,964
	TOTAL COST CITY PLAN \$448,392		TOTAL COST SHBP \$275,772	

*SHBP rates are an average of 1998-99 and 1999-00 published rates

**Note: Premium rates are rounded.

We also believe that additional savings may be obtained by moving employees, with a spouse as the only dependant, from family coverage to a member spouse plan. We did not attempt to quantify these potential savings.

Prescription Drugs

The city provides a prescription drug plan for its full-time employees, part-time employees who work 20 or more hours per week, and their eligible dependents, at no cost to the participants. There is a \$1 co-payment for generic and brand name prescription drugs purchased from a walk-in pharmacy and no co-payment for mail-order prescriptions.

The team compared the cost of this prescription plan to the plan offered under the SHBP. We realize that the plans have different co-pays and that a switch to a plan with higher co-pays would require negotiations. Similar to the medical coverage analysis, we used an actual bill for the period 6/1/99 to 7/1/99. These figures were then extrapolated to estimate a yearly cost to the city. The totals shown are indicative of the 65 regular group subscribers covered under the city's health benefit plans in 1999.

The team compared this expenditure to what the city would have spent had they been enrolled in the SHBP that year and provided the prescription drug plan offered through the SHBP program. The result showed was an additional savings of \$24,744, above the estimated savings for major medical/hospitalization referenced above.

Negotiating a greater differential between the name brand and generic brand medications, as well as, overall increases in the point of service co-pay will also serve to reduce plan costs.

Recommendation:

We recommend the city obtain its health and prescription coverage through the SHBP.

Cost Savings: \$197,364

Dental and Vision Care

The city provides dental and vision insurance coverage for all employees and their eligible dependents. The vision care program, as well as its premiums, are part of the major medical and hospitalization plan.

Dental coverage includes 100% of preventive and diagnostic services and 80% of crowns, prosthodontic, and other basic services. The total of all these services is capped at \$1,000 per patient, per year. Orthodontic services are covered at 50% to a lifetime maximum of \$1,000 per eligible, dependent child. During 1998, the city contributed \$103,901 to the employees' dental coverage plan.

The city is commended for limiting dental coverage to a fixed dollar amount.

Medical Buy-Out

The city allows employees to opt out of the municipal-provided medical coverage in return for a share of the premium saved by the city. Employees choosing to opt out receive a lump sum of \$2,000, in lieu of health benefits coverage.

The plan is well intended, however no employees participated in the program. The city has properly restricted the buy out if both a husband and wife are employees of the city such that the entire coverage package is terminated.

COMPUTER TECHNOLOGY

System Administration

The city does not have a computer technology department or a system administrator. The city administrator and/or a department head handle the technology and electronic communication issues including:

- a) telephone communication system, including mobile phones;
- b) police and public works radio systems; and
- c) computer hardware and software acquisitions and maintenance.

The city does not have a formal training program. Generally, the workforce is computer literate, to the extent that routine maintenance issues can be handled internally. Most of the employees are self-taught. A private computer service firm is contracted, as needed, to resolve the technical issues that cannot be handled internally. Historically, these maintenance calls have been infrequent.

Hardware and Network Configuration

The departments/units are equipped with PCs that are, in some instances, networked within the group. Other workgroups are planned to be networked in the future.

Those interviewed indicated new networks would be phased in as the need arises. The police department is the only workgroup with an exclusive network. This is typical for a police department to ensure that confidential records are not accessed inappropriately.

Internet access is available to the city administrator's office, police, emergency management and public works.

When PCs and/or peripherals are replaced, the older units are reused in another workgroup or used to automate a previously manual operation. In this way, the equipment is fully utilized, even after the equipment is no longer useful for its original mission.

There are approximately 25 PCs and assorted printers and scanners.

All PCs have been upgraded with modern processors. Surge protectors and suppressors are installed on all devices to help protect the equipment from undesirable power surges.

Software Inventory

The workgroups are using commonly available word processing and spreadsheet software packages. Upgrades are installed as the enhancements are introduced. Certain work-specific applications have been acquired for several offices, either from a private firm or from a state agency. Examples are the court, police, construction code, tax assessing, tax collection, payroll and budgetary accounting.

Proposed Initiatives

The city administrator is responsible for coordinating initiatives for improvements to the systems. Many technology and related issues have been addressed informally. Planning for technology initiatives include, but are not limited to, providing:

- a) electronic mail for all offices;
- b) additional Internet access;
- c) a homogeneous network for all offices;
- d) ability for all workgroups to initiate inquiries relative to budget and other financial information; and
- e) automating the purchasing system.

The city is commended on its technology efforts thus far and is encouraged to pursue the initiatives outlined. We encourage the city to consider prioritizing for future initiatives, and provide additional training to selected staff members to enhance the city's in-house training capabilities, and assist in identifying where automated systems will be useful.

POLICE

Organization/Operations

The 45-member department is organized into two main divisions, the patrol division and the detective bureau. Of the total number, 15 are civilian positions, including five dispatchers, nine crossing guards and a secretary to the chief. The department has 30 sworn officers, including the chief, three lieutenants, five sergeants and 21 patrol officers. There were two vacant, authorized captain positions.

At the time of our review the police department was in transition. The chief of 14 years was reportedly nearing retirement. In the two years before the review team conducted its fieldwork, the department had experienced a major turnover in leadership. Formerly, the department management consisted of a chief, three captains and one lieutenant. At the time of our review, retirements and promotions resulted in the department having no captains and three lieutenants. With the recent retirements of the three captains, the department has been restructured and lieutenants have taken on virtually all of the captain responsibilities. In fact, the lieutenant responsible for most of the administrative functions had been on the job for only two months, at the time of our review. Two of the four squad sergeants were recently appointed. The chief's secretary, the sole clerical staff member, planned her retirement for October, 1999.

During the 1998 budget year, the police department expended \$1,644,707. Of the total amount expended, \$1,514,804 was for salaries and \$129,903 was for operating expenses. Expended amounts included more than \$62,000 in overtime costs and more than \$33,000 in extra pay for officers on the 12-hour shift schedule. The fully loaded wage expenditures were \$2,293,355.

The current staffing and rank structure results in a 1 - 2.1 supervisor to staff ratio. Many small police departments have low ratios due to the need to properly supervise each shift. However, New Jersey police departments with approximately 30 officers operate very effectively without the rank of captain.

Recommendation:

The department should eliminate the captain positions and continue under its current organizational structure with three lieutenants. This would save the cost of promotional wage increases in the future. We estimated the annual cost savings to be \$11,000.

Cost Savings: \$11,000

A major concern identified during the review was the lack of computer literacy within the force, especially among the leadership. The current practice of gathering information relies heavily on station house paperwork resulting in a reduction of manpower on the street. The computer systems that the department is currently operating under were outdated and not properly integrated. While the department leadership spoke of plans to implement system upgrades, funds were not budgeted for this purpose. Some of those interviewed felt that an agreement had been struck with the current vendor to upgrade the current system without cost, because the department was used as a test case for the initial system.

Despite these shortcomings, the team feels that departmental operations can be greatly improved and become more effective with improved training, modification of current practices, and system upgrades. The department has a unique opportunity to make some technological and operational changes that will increase manpower on the street and improve record keeping practices.

Crime

Most recent crime statistics indicate that criminal activity within the city is changing. While burglaries and theft continue to be the overwhelming majority of crimes committed, assaults and domestic violence are clearly emerging as significant criminal activity in the city. Domestic violence has become a major concern to all officers interviewed during the process. Juvenile crime is apparently also on the rise.

In 1998, the total number of crimes per 1,000 population was 31.9. The following table compares the Uniform Crime Report (UCR) statistics of area jurisdictions.

Municipality	Crime Total	Crime Per 1,000 Population	1996 Est. Population	Square Miles	Sworn Officers
State of NJ	296,638	37.1	7,993,220	7,495	N/A
Atlantic County	16,777	71.3	235,447	567	911
Absecon City	362	47.0	7,709	5.7	25
Egg Harbor Twp.	1,463	55.2	26,493	68	72
Galloway Twp.	723	26.6	27,146	91.7	44
Hamilton Twp.	1,331	74.5	17,863	113.4	48
Linwood City	86	12.1	7,083	3.8	18
Northfield City	187	25.2	7,430	3.5	22
Pleasantville City	1,082	65.2	16,591	5.8	50
Somers Point City	358	31.9	11,217	4.1	25

Crime within the city has been much lower than similar cities in the immediate area. It also appears to be following the same downward trends being experienced in similar communities in the area. The level of criminal activity shown in the above table does not include simple assaults. The UCR data does not recognize simple assaults as part of its database. In Somers Point, the city recorded 144 simple assaults in 1998. The number of non-violent incidents remained constant during this period at 331 in 1997 versus 332 in 1998. The reportable violent crime index was down significantly during this period from 46 incidents reported in 1997 to only 26 incidents reported in 1998.

Correspondingly, non-violent crime fell from 423 incidents in 1996 to 331 incidents in 1997. This represents a 22% drop in non-violent crime within the city. Most recent UCR reports suggest that non-violent crimes remain at the reduced level. The chief has designated the lieutenant division commander as the domestic violence officer, but no specific strategy has been developed to deal with the growing number of domestic violence incidents in the city.

In 1998, the department recorded 369 UCR incidents. The department has cleared 104 cases, or 28.7% of the total. This compares to a statewide average clearance rate of 21%. The department is well above the state average in cleared cases. The department cleared virtually 100% of the simple assaults.

Patrol Division

The patrol division includes five civilian dispatchers, nine crossing guards, two lieutenants, four sergeants and 18 patrol officers. At the time of our review, one patrol officer position was vacant and two of the patrol officers were new recruits. The chain of command for the division is division commander, division supervisor, squad sergeant and patrolman. Crossing guards report directly to the division commander.

Official responsibilities of the patrol division include preventive patrol activities, protection of life and property, preservation of peace, suppression of crime, investigation of police incidents and minor crimes, preliminary investigation of serious crimes, traffic law enforcement and traffic accident investigation. The division also supervises school-crossing guards.

There are four squads, each with a sergeant and three patrol officers, who have primary patrol responsibility. The sergeant also responds to calls, in addition to supervising the squad during the shift. At the time of our review there was a vacant position on one of the squads. The squads work 12-hour shifts. In addition, the department has a two officer power shift that also serves as a bike patrol during the summer months. The department also employs two class 2 special officers, who provide additional manpower to support the various functions of the division. The two man supplemental bike patrol are seasonal positions which work eight-hour shifts four months out of the year during spring/summer months. During this period, the officers are required to work weekends (Fridays and Saturdays) to supplement the four man squads on twelve-hour shifts. The class 2 officers are part-time patrolmen averaging no more than 34 hours per week. On a given shift there may be as many as six, or as little as three, officers working, including the sergeant.

At the time of our review the department also had two recruits who were being trained and would eventually be assigned to the patrol division as either a squad member or a member of the supplemental patrol.

One of the current practices that significantly reduce officers' time on the street is that many officers come into the station to do incident reports. Officers that were interviewed estimated that between 25% – 35% of their time was spent in the station writing incident reports. If we assume that each officer spends the minimum amount of 25% doing paperwork, this would amount to the loss of one officer per day, per shift, on patrol. The team observed this practice on several occasions regarding motor vehicle accidents. Rather than obtaining the needed information at the scene and clearing, officers have all parties in the accident return to the station to complete a report. Many police managers in other municipalities require officers to stay on the street, available for another call while doing incident reports.

The computer system currently in use by the department has a mobile laptop computer capability that would allow officers to submit incident reports from their patrol cars, thus maximizing their time on patrol and minimizing the need for an officer to come into the station. Laptop computer systems, also, reduce errors stemming from poor handwriting. Supervisors are also able to approve reports online rather than waiting for a paper copy.

The sergeants and lieutenants also spend a lot of time doing paperwork. Each sergeant is responsible to maintain attendance records, arrests, complaints, tickets, investigations and overtime for each member of their squad. The sergeant is required to accumulate this information on a monthly basis and provide paper copies of squad activities to the lieutenant division commander. The lieutenant is then required to enter these reports onto the system and provide a copy of these activities to the chief no later than the 7th day of each month. The lieutenant finds these deadlines difficult to meet because of conflicting schedules of the sergeants and authorized time off. The lack of a properly integrated system also hampers the timely reporting of monthly police activity. Attendance, police reports, CAD, overtime, and tickets are each a separate module within the computer system. An upgrade of the current system to integrate systems to reduce paper copies should result in a less time consuming monthly reporting process.

In order to access these capabilities, the department would need to upgrade their current system. The team was unable to obtain a cost estimate from the vendor for this upgrade.

Recommendation:

The department should upgrade its current system to provide a mobile data system capability. This would allow the patrol officers to decrease the amount of time spent on paperwork, and increase the amount of time on the street. The department may want to temporarily employ clerical staff to enter incident reports and complaints into the computer as an interim measure while system upgrades are being put in place.

Traffic Accidents

The department does not have a designated unit for traffic. They do maintain records on accidents and reportedly perform an occasional traffic analysis, usually as a result of a citizen complaint. Most accidents reportedly occur on the Route 9 corridor within the city or at the circle that intersects many of the city's major arteries, and, also, serves as an entrance to the bridge leading to nearby Ocean City. During our fieldwork, the team noted several accidents at these locations, including a six-car collision.

The city has been averaging 550 motor vehicle accidents per year during the period between 1997 and 1999. In 1998, the city experienced 533 accidents, which was down from the previous year's total of 575 accidents reported. While the total number of accidents were reduced by seven percent, the number of injuries increased from 162 in 1997 to 183 reported in 1998. This represents a 12% increase in the number of accidents with injuries. Records show an 18% increase in the number of tickets issued as a result of accidents from a total of 355 in 1997 to a total of 420 tickets in 1998. Over the past five-year period, the accident rate for the city has averaged 4% of all the accidents in Atlantic County.

Summonses

Patrol officers issued 2,720 summons in 1998. Of the total number of summons issued 77.5% (2,109) were non-parking violations and 22.5% were for parking violations. Our review of traffic accident reports shows that 183 tickets were issued as a result of traffic accidents. All traffic related summonses are turned over to the court administrator, who enters them into the Automated Traffic System (ATS) computer.

The team could not find any evidence of proactive planning for traffic that could identify ways to reduce accidents. It was suggested by a number of officers that eliminating the circle would help reduce accidents.

Patrol Operations (3rd ed.), published by the International Association of Chiefs of Police (IACP) provides that an enforcement ratio of 20 convictions for hazardous driving per each accident with injury or fatality will reduce the accident rate. In 1998, the police issued 2,109 tickets for moving violations. During this same period, there were 183 accidents with injuries. Multiplying the number of accidents with injuries by 20 based on the IACP formula, the team would expect

to see summons for moving violations approximating 3,660 per year if reducing traffic accidents is a police goal. This would require a 57.6% increase over the number of summons issued in 1998.

Many police professionals also find traffic stops can serve to discourage criminal activity, increase warrant arrests, and, generally, provide opportunities for officers to reveal criminal activity. Accordingly, we anticipate increasing traffic enforcement will improve police efforts to control crime.

In Somers Point, the team found the officer writing the highest number of summons averaged 23 per month, about one per workday. The officers at the low end of the range of summons issued were not able to find more than five or six violations worthy of a summons each month.

Recommendation:

We recommend that the police chief instruct the shift supervisors and officers about the relationship between their daily activity, the department's productivity, and the accident rate. The chief should then monitor department productivity, requiring the department supervisors to be accountable for each shift's proactive enforcement activities.

School Crossing Guards

The school crossing guards report directly to the division commander. They are ten-month part-time employees, who do not work over the summer months. They do not receive health benefits. However, they do receive pension benefits and one employee received sick leave, personal leave and vacation benefits in 1998. One of the ten crossing guards is a relief person who is called out only when needed to cover a post for one of the permanent posts. Since the fieldwork for this review occurred during the July and August, we did not have an opportunity to observe the crossing guard operation first hand.

Schedule

The police patrol day shift and evening shift work 12-hours. Under this system officers are on a 14-day cycle in which seven of the 14 days are workdays. This works out to be alternating 36-hour weeks and 48-hour weeks. Over the two-week cycle, the workweek averages out to 42-hours for each squad. The power shift/bike patrol officers work an eight-hour shift. The supplemental patrol, which provides seasonal support, works part-time hours. The detective bureau works a five-day, 40-hour week.

The mix of schedules appears to be working. However, the detective bureau is receiving a lot of overtime hours under their current schedule. Detective overtime is discussed more fully in the detective bureau section of this report.

The employee contract provides an additional 96-hours of pay each year for all officers working the 12-hour shift as compensation for the additional hours in the schedule. This provision is resulting in an additional cost of \$33,777.58 to the city. Our comparison of this practice to other

towns with similar schedules revealed that either no compensation is paid or compensatory time is given when working this rotation. Those interviewed noted that it was viewed as an inexpensive means to staff the patrol force, assuming that the additional on duty time is required.

Recommendation:

The city should reconsider the value of this additional patrol time after implementing other recommendations in this report, and obtaining better patrol analysis information. The team believes the value of this additional time may be marginal when better data will allow a more thorough analysis of officer productivity.

Patrol Analysis

The team performed a workload analysis to determine the number of police officers needed for patrol duties. Our analysis of the manpower needs could not be completed thoroughly because of the difficulty in identifying the demand for police services during 1998. The department could not produce data to compute the average response time on a call, and did not keep accurate records on stops made by officers for traffic tickets, or calls that required a backup unit to respond.

Apparently, the department staff captures the information needed to develop an average time per call, but does not have the capability to generate a report with the current version of the computer software.

In the absence of this information, our best estimate is that the department responded to 15,797 calls for service during 1998. We estimated each call, on average, took 35 minutes, based on the data kept by other area municipalities. Using the patrol analysis formula provided by the Division of Criminal Justice, we computed the time required for calls, for service, routine patrol, and administrative tasks to be 27,487 hours.

Based on time and attendance records, the team calculated the officer availability, after training and leave time, to be an average of 1,686 hours per year. Somers Point's officer availability is slightly higher than the New Jersey average of 1,600.

Using the formula provided by the Division of Criminal Justice, we compute that Somers Point should have 17 officers assigned to general patrol duties. Given more accurate information on average time consumed per call and the number of calls for service, the above estimate may need to be adjusted. However, based on the available information, it appears that the patrol division is properly staffed in accordance with nationally recognized standards.

Recommendation:

The department should change its record keeping practices to include the average time on a call, the number of calls requiring backup, and all traffic stops.

Detective Bureau

A lieutenant also heads the four-member detective bureau, which includes a sergeant detective and two detectives. While the sergeant detective has no formal supervisory responsibility for anyone in the division, he is considered the division director in the absence of the lieutenant. Having two supervisory staff in such a small operation is unreasonable.

Recommendation:

The department should eliminate the sergeant detective position as a cost savings measure. We estimate that this would result in a \$8,500 cost savings.

Cost Savings: \$8,500

The division is responsible for surveillance, investigations and evidence handling. The division is, apparently, also the repository for DWI incident reports and evidence gathered by the patrol division. Detectives work a two-shift, five-day, 40-hour week. The first shift is 9 a.m. to 5 p.m. and the second shift is 4 p.m. to 12 midnight. The lieutenant and each of the detectives work Saturdays every two weeks to supplement patrol activity on the weekends. The detectives do very little surveillance. Most of their time is spent doing investigations.

The detective bureau represents 13% of the sworn officers, yet receives 25% of the department's overtime. Of the total, \$61,000 was paid in overtime in 1998, more than \$15,000 was paid to detectives. Of the \$15,000, more than \$6,000 was paid to the sergeant \$5,349, and the lieutenant division director (\$848). Our review of the CAD shows that most calls for police services occurred on Thursdays, Fridays, and Saturdays between 7 a.m. and 11 p.m. This would suggest that the current hours for detectives being on duty coincide with the demand for police services. However, we believe further refinement of the detective work schedule may serve to reduce the volume of overtime.

Recommendation:

The department should review the reasons for which overtime is being authorized and adjust the hours of the detective bureau to reduce the overtime costs.

Evidence Retention

The team reviewed the disposition of recovered property and the storage of evidence. Currently, the detective lieutenant is assigned the responsibility for the evidence room and property that is recovered or abandoned. The New Jersey Attorney General has promulgated guidelines concerning the retention of evidence. The evidence room and recovered property areas were disorganized. When a team member attempted to recover a piece of evidence based on the evidence logbook it was not at the location identified in the logbook. We also found inconsistencies in the way confiscated drugs were being logged out to the state police laboratory for testing. The team found cases of alcoholic beverages that had apparently been confiscated long ago. The team found cases where evidence was logged out and never logged back in. The team could not determine whether or not the evidence was returned and not logged or was not returned to the department.

One looking for lost property would have a great deal of difficulty trying to isolate evidence from property recovered or abandoned. The department had not purged the evidence room of lost property in more than a year. This is a contributing factor to the disorganization within the room.

Recommendation:

The department should organize its evidence room and clearly separate evidence from recovered property. Evidence room operations should be in accordance with the directives of the Division of Criminal Justice. The department may want to consider conducting an auction for unclaimed property, in cooperation with auctioning of unneeded municipal property.

Overtime

Our review of the amount of money spent on overtime revealed a discrepancy in the amount recorded on departmental records versus the amount paid out by payroll. According to police records, the department authorized slightly more than \$48,000 in overtime in 1998 while the payroll shows slightly more than \$61,000 in overtime was spent by the department. This difference appears to be a result of system capabilities, and methods used to input and obtain information. When we made inquiries regarding these discrepancies to payroll, we were referred to the police department to respond to questions regarding any discrepancies. A major problem in reconciling overtime is caused by an inability of the police computer system to produce historical information beyond two months prior to the current date.

Recommendation:

The department should reconcile its records with the payroll administrator at regular intervals to insure accuracy.

Officers being required to appear in court are reportedly a major cause of overtime. Other causes for overtime include handling an incident at the end of a shift. The department could not provide detailed information on causes of overtime that would have allowed a more meaningful analysis of overtime costs. When an officer is required to make a court appearance, he is guaranteed a minimum of two hours. During this period, he can be required to pickup prisoners from the county jail that are to be arraigned and/or up for trial. The department does not have a prisoner vehicle and can only accommodate two prisoners at a time to transport from the county facility. This typically requires multiple trips by officers to the county jail during court sessions. Reportedly, eight to ten prisoners appear in court each session. During 1998, the court disposed of 204 indictable offenses at its 50 court sessions. Assuming that all indictable offenses required prisoner transports from the county facility, we estimate an average of four prisoners per session required transportation in 1998. During the court sessions observed by the team, five prisoners were transported per session.

The department has, apparently, been offered a van for this purpose by the City Board of Education. The county jail has also offered a multi-passenger vehicle for this purpose. Use of a multi-passenger vehicle could serve to reduce the number of trips required to and from the

county facility, thereby, reducing overtime costs and increasing police presence on the street. Any vehicle used should have proper prisoner security modifications. Nearby Egg Harbor Township has a video court capability, which could reduce the need for prisoners to be transported from the county facility. In Egg Harbor Township, the use of video courts has provided a 91% reduction in prisoner transports.

The average overtime cost in Somers Point for an officer was \$23 per hour in 1998. Based on the average cost of overtime in 1998, we estimate that the transport of prisoners from the county facility cost \$4,692. Assuming that a 91% reduction in prisoner transport can be achieved, we estimate a reduction in overtime by \$4,269 through the use of video arraignments. The department does not coordinate contested cases that require the appearance of an officer with the court administrator. Routine coordination with the courts should result in a reduction in the need to give overtime when an officer is required to appear in court.

Recommendation:

The city should consider the use of video technology to hear cases involving prisoners being held at the county facility. We estimated the savings to be approximately \$4,269. An additional amount could be saved with routine coordination with the courts in cases where officers' appearance is required.

Cost Savings: \$4,269

Dispatching

The department employs five full-time dispatchers who staff the dispatch station on eight-hour shifts. Dispatchers are provided uniforms and are given a \$250 annual clothing allowance. They provide dispatch for police, fire, and EMS. Our review of the Somers Point dispatcher salaries, in comparison to those in the region, showed that Somers Point dispatchers are the highest paid dispatchers in Atlantic County. In a March, 1997 report, issued to the Atlantic County Board of Chosen Freeholders Central Dispatch Committee, the average dispatcher salary was \$27,035. The average salary for a Somers Point Dispatcher was \$36,842. This represents an almost \$10,000 differential. The dispatchers in Somers Point are part of the local PBA contract that has allowed them to benefit from all previous PBA contract negotiations. We discuss the combined bargaining unit in the personnel section of this report.

The Computer Aided Dispatch (CAD) shows that between a total of 12,345 and 13,017 calls were received in 1998. In 1997, Somers Point dispatchers handled 11,345 calls for service. Based on the six full-time equivalent employees reportedly on staff during that period, we estimate that each dispatcher handled 1,621 calls in 1997, and 2,603 in 1998. The average for the county was 2,198 calls per employee.

The City of Somers Point had a cost per call of \$19.48, that was more than \$6 higher than the \$13.05 average cost per call for dispatchers in Atlantic County in 1997. Moreover, the cost per call in nearby Egg Harbor Township was estimated to be \$5.09, or \$14.39 less than the cost for these services in the City of Somers Point.

The team observed the Somers Point dispatchers on five occasions. During our observation, we noted the dispatchers on duty were not overwhelmed with call activity. Somers Point, like most municipalities, experiences most of its call activity in the late afternoon and evening. The team believes that the Somers Point activity could readily be absorbed within the Egg Harbor Township dispatch organization, with the exception of evenings and weekends, when an additional dispatcher may be warranted. Based strictly on the difference in the cost per call recorded in 1997, we estimate the service would cost \$66,257 annually, if provided by Egg Harbor Township. This represents a cost reduction of \$103,854 from the amount expended in 1998 for these services. The township's existing facility has sufficient extra workstations to accommodate the proposed additional staff. The potential for regionalizing this service to nearby Ocean City also exists. Ocean City, reportedly, has sufficient workspace and system capacity to handle the demand for Somers Point. The NJ Department of Community Affairs provides grants and financial incentives beyond the direct savings through Regional Efficiency Grants (REDI and REAP programs). We encourage the city to consider these programs.

Recommendation:

The dispatching operation should be regionalized with one of the neighboring towns. Based on the 1997 study, we estimate a savings of \$103,000 could be realized by the city in this regard.

Cost Savings: \$103,000

Training

The team reviewed the training provided to the police officers to verify compliance with the requirement of the New Jersey Division of Criminal Justice (DCJ). All sworn officers are scheduled for a one-week training, once a year, by the County Training Center. In addition, the department provides a variety of other training to most uniformed personnel throughout the year. The team noted a need for more training in administrative skills, especially among the leadership within the department. Those interviewed and questioned about training expressed concern that requests made to receive training from the FBI National Academy or the New Jersey Chief of Police West Point Program have been turned down. The FBI and West Point programs are recognized by leading authorities as an important course for future police executives. No one on the force has received this training. We feel that this lack of training may be hindering the departments' future leadership potential. We recognize that sending officers for training has a temporary impact on the day-to-day work in the department. However, proper training is critical, not only to the individual officer, but also to the municipality. Heavy liability exposures exist for municipalities that have not properly trained their police. The team believes that while the department complies with the DCJ minimum training requirements, it would be useful to expand police training to include computer literacy courses and administration.

Recommendation:

We recommend that the department send officers to the FBI Academy or West Point training as soon as possible. We also recommend the department provide more training in computer skills.

Records Management

The secretary to the chief maintains records on offenses, accidents, investigations and cleared cases. She, also, has primary responsibility for collecting all fees for services provided by the department. The lieutenant commander is responsible for attendance, overtime, traffic summonses, arrests and investigations. The department also maintains the Automated Complaint System (ACS) that is part of the Administrative Office of the Courts (AOC).

The department does not maintain counts on the number of requests for information. They do maintain partial records on the amount of fees collected. The department collects fees when requests for copies of police reports, photographs, motor vehicle accident reports and fingerprints are made. Walk-in requests for information that is being paid for with cash are referred over to the city clerk. All monies collected are placed into the general fund. The department maintains a record of fees collected through the police chief secretary. However, no record is maintained for walk-in requests that are paid for in cash to the city clerks' office. Department records show that \$569 was collected in 1997, \$560 was collected in 1998 and \$411 was collected through July, 1999. Our examination of the fee schedule showed that while the fees had not been revised since 1983, they compared reasonably with similar fee schedules in area municipalities.

Fleet

The Somers Point Police fleet consists of 10 vehicles, including eight marked cars, and two undercover cars, assigned to the detective bureau. One of the marked cars is a 1997 Ford Expedition Sports Utility Vehicle. Exclusively, the two lieutenants responsible for the operations division use this vehicle. The chief drives his personal vehicle. The city gives the chief a gas card that allows him to gas his vehicle at the municipal pumps. In 1998, the chief used 650 gallons of gas. Formerly, the chief was given a \$150 monthly stipend for the maintenance of his vehicle. The personal vehicle is not insured by the city, however, we believe the city would have significant liability for an incident occurring while the chief was driving on work related assignments. Importantly, it may be difficult to discern when a particular trip is work or personal. The team believes that the practice may expose the city to significant liability and should be discontinued.

During the six-week period of our review, there were always between two and four vehicles parked at the station, not being used. The department has a policy of trading cars every three years. Under this policy the department is replacing at least two vehicles every year. Accordingly, the oldest vehicles are 1996 models. In 1998, the department purchased two vehicles at a cost of \$43,803.

Recommendation:

The chief should be required to use police vehicles for official business.

The patrol staffing per shift is as many as six officers. Having one vehicle in reserve for breakdowns and accidents computes to a required patrol fleet of seven automobiles. Automobiles assigned to superior officers and detectives (consisting of vehicles retired from patrol) add three vehicles to the fleet for a total required automobile fleet of ten automobiles.

We conclude the police vehicle fleet size is proper.

EMERGENCY MEDICAL SERVICES

Somers Point has one ambulance squad servicing the community. The squad is made up of a combination of paid and volunteer members. The paid members are part-time employees that staff the day shift during the week. The average part-time salary for emergency medical technicians in 1998 was \$7.18 per hour. Total salary and wages expended for the department of Emergency Medical Services in 1998 was \$52,385. Operating expenses for that same period totaled \$15,513. The city also made an outright contribution to the rescue squad of \$5,000. On top of these municipal budget appropriations, the squad received public contributions amounting to \$35,095. This brought the total contributions to the squad in 1998, to \$107,993. The squad also earned \$249 in interest, bringing their total revenues for 1998 to \$108,242.

The city supports the rescue squad through the purchase of certain capital equipment. The city's 1998 financial statement listed a capital appropriation for the purchase of an ambulance in the amount of \$106,000. Other items that appeared in the city's 1998 capital budget and, in their six year projected capital budget, included stretchers, a defibrillator, and an emergency generator.

In 1998, the rescue squad reported 1,433 medical calls for service. These included local medical calls as well as transports and mutual aid calls. This computes to an average of 3.9 calls for service per day. Unlike fire calls for service, virtually no EMS calls are false or unfounded.

Those interviewed noted that mutual aid calls to the City of Linwood were an increasingly common because the Linwood Squad was experiencing difficulty mustering a crew for EMS calls.

We commend the EMS volunteers in Somers Point for their extraordinary efforts in providing this vital service to the community. Clearly, the volunteer effort provides a tremendous value to the community.

All calls for EMS are routed through the police dispatch center in the police headquarters.

The team reviewed the response time of the squads. Those interviewed reported that response times ranged from four to 15 minutes, with the longer responses typically occurring overnight. The squad building is centrally located in the community, and houses three ambulances in addition to supplies, office space, and a meeting room.

Billing for Service

Many municipalities have successfully implemented a fee system for emergency medical service. Typically, the municipality establishes a fee and submits an invoice for emergency medical service. These charges are often eligible for reimbursement through the patient's medical insurance or Medicare. We recognize that some individuals do not have medical coverage and do not have the means to pay for emergency medical service. Municipalities with which the team is familiar have established procedures to adjust the bill accordingly.

The establishment of a municipal billing system would reduce the amount of money raised through the property tax, while allowing the city to continue to provide significant aid to the volunteers. We note that the city must address important legal and organizational details to implement a billing system that preserves the volunteer status of the squad.

The City of Ocean City, New Jersey established a billing system in 1997. It charges \$350 per call, and has a contractor produce the billing for a fee equal to 10% of the collections. Ocean City reports actual collections are 53% of the amount billed, resulting in an effective reimbursement per call of \$186. Accordingly, we estimate that billing for EMS in Somers Point would generate approximately \$266,358 annually. This would result in net revenue of approximately \$240,000.

We recognize that some volunteers are concerned that billing for the service is inconsistent with the volunteer nature of the squad. However, the community must recognize that, to properly support the volunteer effort with equipment and training, is costly. We view an EMS fee as a means for the squad to achieve a more stable funding mechanism in cooperation with the city.

Recommendation:

We recommend the city consider establishing an EMS fee to recover some of the cost of providing EMS services. We also recommend that the city contract with a third party agency to provide billing and collection service for these fees.

Revenue Enhancement: \$240,000

SOMERS POINT FIRE DEPARTMENT

The Somers Point Fire Department was created by the adoption of an ordinance in 1990. The department is responsible to provide fire prevention, protection, and suppression for the city, including the relevant portions of the Garden State Parkway. These services are provided through the efforts of two private, non-profit volunteer fire companies located in the city. The department is also responsible for vehicle extrication and other rescue functions.

According to those interviewed, the department was established to improve the coordination between the volunteer fire companies and the city.

The city code provides for an orderly process of periodically selecting the city fire chief and other officers from among the most experienced volunteers in each company. The selection of the city chief and other offices is alternated between the two companies.

The department lieutenants, captains and deputy chiefs are paid salaries ranging from \$2,200 to \$3,500 per year. Additionally, five fire safety inspectors, a fire marshal and an assistant fire marshal are employed, with salaries ranging from \$1,700 to \$7,500 per year. The 1998 fully loaded wage costs for these positions were \$49,631. These employees did not receive any medical benefits or paid leave.

The city owns the fire trucks and other equipment; the private companies own the real estate in which they are housed. The city supports each volunteer fire company with \$12,300 in rent each year to house the city fire apparatus. In addition, the city purchased an additional \$51,208 in operating equipment and supplies for use by the fire companies in 1998. Beyond the annual operating aid, the city purchases major pieces of fire equipment through its capital program. While some interviewed said there was a plan to replace one piece of fire apparatus every five years, reportedly, the plan is not always followed. The 1998 capital budget shows a class “A” pumper scheduled to be purchased in 1999 with a budget of \$250,000.

A survey of larger departments found that they are buying new “class A” pumpers for about \$250,000. Examples of recent purchases are Paterson \$245,000, Jersey City \$249,000, Newark \$215,000, Trenton \$285,000, Elizabeth \$300,000. The team understands that each fire company has agreed to contribute any funds in excess of the \$250,000 that the city has agreed to pay in order to acquire optional equipment for this pumper.

We conclude that the city is budgeting for a class “A” pumper without unnecessary equipment or trim.

The volunteer fire fighters belong to one of two private, non-profit fire companies operating out of two fire stations. The city code establishes a minimum active membership of 25 for each company. At the time of our review the roster of active members included 69 names.

Fire House Locations:

Somers Point Volunteer Fire Company #1: Bethel Road near Maryland Avenue
Somers Point Volunteer Fire Company #2: New Jersey Avenue at 1st Street

The team found each firehouse clean and orderly. Fire equipment was properly stored and ready for service.

Those interviewed report that vehicles assigned to the chief and assistant chief are authorized for fire department business only. Personal use is not permitted.

A copy of the 1998 fire incident statistics was not available. Based on National Fire Incident Reporting System (NIFIRS) statistics for the first six months of 1999, we computed that annually

the fire companies responded to 194 calls for service, 80 (41%) of these being false, unintentional, or nuisance alarms. We estimate there were 20 structure fires, six vehicle fires, 12 other fires, 48 hazardous condition calls, and 28 other calls for service. Those interviewed reported that an average response time for all fires was between three and eight minutes. The average number of fire fighters responding to all calls was 23.

We commend the volunteers of the fire companies in Somers Point for their dedication to the citizens of the city. The value of the fire and other emergency services provided by these volunteers is extraordinary. The effectiveness of this active volunteer force in Somers Point is a remarkable achievement.

Fire Protection Rating

The Insurance Service Office (ISO) is an organization upon which property insurers rely for an impartial evaluation of public fire protection. Insurers, in computing property insurance premiums, use the ISO fire rating to quantify the existing fire protection available to property owners. The ISO studies such things as water supply, distribution system, actual hydrant flow tests, staffing levels, equipment, training, and how fire alarms and structure fires are handled.

The current ISO rating for Somers Point is “class five” (class one being the highest on a 10 point scale). The team understands the highest rating available to a community with a volunteer fire service is a “class three.” The last ISO report in May, 1993, noted deficiencies in receiving and handling alarms, the equipment on the fire trucks, and in the testing of the apparatus and equipment. Other deficiencies noted were location of the equipment, personnel, training, and the water supply in certain areas of town. Those interviewed reported that the purchase of new equipment and other operational improvements have been made since the rating. We encourage the fire department to review the ISO report in preparation for their next review in 2003.

An ISO rating deterioration to class seven may slightly affect the hazard insurance premium on a residence. The insurance premiums for business establishments will experience a more significant change. An ISO rating of nine or more will cause homeowner insurance rates to increase and cause burdensome changes to business owners’ premiums.

Fund Raising Activities

Each year, both the private fire companies and the first aid squad conduct fundraising activities, including solicitations of the residents and business in the city. The team attempted to review these activities using records maintained by the State of New Jersey Division of Consumer Affairs, Charities Registration Section. We learned that the Somers Point Volunteer Fire Company #2 had not registered as a charitable organization. N.J.S.A. 45:17A-18 requires all charitable organizations that conduct fund raising activities in the state, except for religious and certain educational organizations, to register with, and report certain information to, the Charities Registration Section. Both companies and the squad may wish to verify their compliance with federal IRS regulations concerning charitable organizations.

Recommendation:

We recommend that the fire company comply with the requirements of the Charities Registration Act, or discontinue fund raising activities.

Based on the information provided to the charitable registration office, the direct public contribution to Fire Company #1 was \$78,603 as of December 31, 1997. The direct public contribution to the squad was \$34,385. These organizations reported that \$10,328 and \$4,002, respectively, was spent on fund raising.

Fire Academy

Atlantic County has established a countywide training facility in Egg Harbor Township. It is a modern facility, and is used by all Atlantic County communities to provide both initial training and periodic drills for volunteers, with a wide variety of live fire and hazardous material scenarios. The Fire Training Center is a good example of a regional service efficiently providing a valuable service to taxpayers.

The Somers Point Fire Department regularly uses the academy to augment the drill activities in each fire company.

The team commends the city and the county for cooperating to provide fire fighter training services.

Fire Stations and Apparatus

The team reviewed the fire stations and related response areas together with the fire apparatus available at each station. The team used the standards promulgated in the National Fire Prevention Association (NFPA) Manual and ISO to evaluate the Somers Point Fire Department. The ISO ideal travel distance for an engine company (one pumper apparatus with fire fighters) is 1.5 miles. The ideal travel distance for a ladder company (one aerial truck with fire fighters) is 2.5 miles. Accordingly, the placement of fire stations is greatly influenced by these ideal travel distances.

The NFPA established standards for the amount, and kind, of apparatus needed for response and for reserve, to replace equipment out of service. This standard calls for one engine for every 15,000 to 20,000 in population; it also recommends that one ladder should be provided for every two or three engine companies in a densely developed city, less in suburban areas. Other more specialized equipment such as tankers, heavy rescue, hazardous material spill response, aircraft or watercraft may be added as the requirements in the response area and the mission of the department dictate. Accordingly, Somers Point's population would require three engines (two primary and one reserve) and one ladder. A reserve ladder can be arranged through mutual aid.

As of the time of our review, the existing equipment consisted of a single 102 foot ladder/tower, four "class A" pumpers with 1,000 gallons-per-minute (gpm) or greater pump capacity, and one pumper with a 750 gpm capacity. Additional equipment included one heavy rescue truck, one

automobile used as the chief's vehicle, one rescue van, and one utility pickup truck. Each vehicle is equipped with a variety of specialized equipment and tools, such as generators, rescue equipment, foam generators, air packs, hoses and ground ladders.

We believe that the city can eliminate one 1,000-gpm pumper and the 750-gpm pumper. We also believe that the sale or trade-in of older equipment will result in additional revenue for the city. We estimated the cost of new engines at \$250,000 and sale value of older engines at \$10,000 each.

Recommendation:

The team recommends the districts sell, and not replace, two pumpers.

One-time Cost Savings: \$500,000
One-time Revenue Enhancement: \$20,000

The team analyzed the geographic location of the various fire stations and apparatus. Virtually, all areas of the city were within 1.5 miles of a first-due engine company. The ladder company is located within 2.5 miles of nearly all of the structures that would require a ladder during an incident. Accordingly, we conclude that the placement of the equipment is appropriate.

FIRE INSPECTIONS

Organization/Staffing

The bureau is located in town hall, and is staffed with one chief fire inspector, and four part-time inspectors. The chief works about 19 hours per week. The inspectors each work approximately ten hours per week, according to those interviewed. We compute the full-time equivalent to be 1½ inspectors. The inspectors complete fire safety inspections in commercial and multi-family buildings throughout the community. This office also handles life hazard registrations, fire investigations, and smoke detector inspections for hotels and rental units other than apartment buildings.

The 1998 salary and wages for this unit were \$23,526 and other expenses were \$1,736. The fully loaded wage costs were approximately \$31,654. During 1998, the office generated \$21,073 in revenue from life hazard registrations, based on the state fees. Approximately \$5,625 was generated from non-life hazard inspections, at a fee of \$25 each. Approximately \$1,100 was generated from smoke detector testing, at a fee of \$20.

Inspections

During 1998, the unit conducted 335 life hazard and non-life hazard inspections and about 55 smoke detector inspections. The chief inspector reports that, annually, 70% of the properties have a violation that necessitates a re-inspection. Approximately 20% of those properties require a third inspection. Accordingly, we compute 260 primary inspections per full-time equivalent

inspector annually, and 442 inspections per inspector annually when re-inspections are included. This ratio compares with inspection activity of 1,400 primary and 2,600 when including re-inspections, in large jurisdictions with which the team is familiar.

PUBLIC WORKS

General

Somers Point Department of Public Works (DPW) is responsible for road and street maintenance (including storm water drainage and traffic signs), solid waste collection, recreation maintenance, public buildings and grounds maintenance, vehicle maintenance and recycling. The staff of 16 also handles a variety of minor construction and other special projects beyond the routine functions.

Facility

The public works facility consists of an office and a garage and is located approximately one block from the municipal complex. Two other small structures at other locations are used to store some pieces of equipment. The administrative staff uses the office area. The garage is mainly used to perform routine maintenance on the department's vehicles and equipment. The grounds are well maintained and the office and garage were found to be orderly and in good condition.

Organization/Staffing

The public works superintendent manages the department operations. In addition to the superintendent, the remaining DPW administrative staff consist of a recycling coordinator, a work leader and a part-time clerk. The team found the management staff to be quite knowledgeable of public works operations and resourceful in delivering quality services to the citizens. The staff's attendance record, morale, and quality of work is evidence of effective management.

The DPW is staffed with individuals who have skills in various trades such as masonry, plumbing and/or electrical. Because of the trade background, this small staff is able to accomplish the routine functions, together with many minor construction and remodeling projects, without incurring the expense of contracting. According to the superintendent, the staff was carefully selected, based on their skills and dedication to getting the work done in an efficient and professional manner.

The department has no written policies and procedures for the various functions of the department or an organizational chart. The only written procedures presented to the team were procedures related to the landfilling function.

Recommendation:

We recommend the township develop an organizational chart for the DPW. We also recommend that the department develop policy and procedures for the various functional areas.

Cost of Operation

According to financial records reviewed by the team, the city paid approximately \$1,358,507 for the DPW's operations in 1998. Of that amount, approximately 64% consisted of salaries and benefits, and approximately 22% were attributable to sanitation tipping fees. The recycling program expense accounted for another approximately 9% of the department's costs; and other expenses made up the balance of the expense.

Included in the department's 1998 gross salary expense of \$590,102 was \$23,000 of longevity pay, \$4,698 of overtime cost and \$3,100 of clothing allowances. Employee benefit expense consisted of \$230,944 of direct benefits and \$78,179 of indirect benefits. The 1998 other expenses were \$20,565.

Operations

The DPW operations are conducted between the hours of 7:30 a.m. to 4:30 p.m., Monday through Friday. Employees are entitled to a one-hour lunch period and two 15 minutes breaks. All work assignments are documented with work orders.

Based on conversations the team had with the superintendent and various members of the staff, the superintendent meets with the staff each morning to discuss the day's assignments and to seek input from staff members concerning their respective assignments. The meeting is also used as an opportunity for staff to express concerns. Staff members told the team that they thought these meetings was very positive and promoted a good working environment. Staff members also noted that management was responsive to their concerns and, also, implemented staff suggestions.

The process of assigning and tracking the day-to-day operations of the department is managed by the use of a computer system. The software program utilized provides essential information regarding the use of human resources, as well as, a tool to assist in planning the department's numerous projects.

We commend the department for its use of computer technology and employee feedback to enhance the delivery of services.

According to the superintendent, vacation leave time is scheduled so there are always enough staff on duty to cover assignments. When overtime is required to complete certain tasks, it is awarded on a seniority basis, commensurate with the employee's ability to perform the task in question. Normally, there are employees on call-in status, according to the particular skill or skills the employee may possess, or management will call employees according to the type of work/expertise needed for the job at hand.

The department is not organized into formal divisions because the size of the department's workforce requires the staff be versatile. Because of the multiple assignments handled by the staff, the costs incurred to perform each of the public works functions were not readily segregated and are estimated, based on information obtained from the city management and financial records.

Road Maintenance

The road operations include street sweeping, drainage repair and cleaning, minor curb and sidewalk repair, snow and ice removal, street sign repair and painting, pothole repair and tree trimming. According to management, there are, at a minimum, two employees assigned to each function, with the exception of street sweeping, which has one person assigned. Due to the method by which the staff is assigned to various road and street related projects, the team was unable to segregate labor and other costs related to those functions. The team was able to calculate the cost of the street sweeping function because only one person is assigned to perform this task. The software package utilized by the DPW has the capability of quantifying labor, materials, equipment and contractors costs. However, the records provided to the team did not reflect such information. Because of the nature by which human resources are assigned projects, the team suggests that the department supervisors utilize the software feature to better identify the costs associated with each function.

Recommendation:

We recommend the DPW use the computer system to more accurately identify the labor costs of each function.

Street Sweeping

According to the superintendent, there is one person assigned to sweep the city's 52 miles of roads. Based on the records provided to the team, it was estimated that the sweeper was used approximately ten times a year for a total of approximately 17 weeks in 1998. Those interviewed reported that each street was swept two times each year. The salary and benefit expense for the time used to sweep the streets was estimated at \$18,377. Maintenance and operating expenses were approximately \$2,500 and the capital expense of the sweeper was estimated to be approximately \$10,000 (assuming the sweeper has a 10-year useful life). Based on these projections, we estimated it cost the city approximately \$30,877 or \$59 per mile to have the streets swept by PW personnel in 1998. The team is familiar with street sweeping contracts ranging from \$40 to \$90 per mile. While the municipal operation currently appears cost effective, the city may wish to obtain estimates for having this service provided by a third party, to assure itself that the city's operation is the best available price. The provision of street sweeping through a third party should be considered at the time the city finds it needs to replace the sweeper or at the time additional staff time is required for other functions.

Recommendation:

We recommend the city obtain third party proposals for street sweeping.

Street sweeping is normally prompted by a need for litter control and/or environmental concerns for sand and other debris migrating into storm sewers and local waterways causing blockages and silting. Sweeping can also provide a measure of traffic safety by removing loose material that may cause a vehicle to slide. The city's curbs and gutters were clean at the time the team was doing its fieldwork. It appears that the frequency of sweeping is appropriate.

Solid Waste

The DPW provides household trash, brush, bulk, and white goods (large appliances) collection and disposal. The city out-sources its recycling collection program. Each activity is reviewed separately.

Trash Collection

Three drivers and six laborers are assigned to collect trash. The city is divided into three zones for trash collection. Each zone has three routes and each route is collected once per week. Trash is collected between the hours of 7 a.m. and 2:30 p.m., Monday through Wednesday. The department maintains this schedule year round.

The DPW uses three rear-loading garbage trucks, with compacting capacities of 30 cubic yard each, to collect garbage. Two of the trucks are 11 years old and the remaining truck is one year old. The department appears to maintain the fleet of garbage trucks in an exemplary manner.

The city's trash is disposed of at the Atlantic County Utilities Authority's landfill, located in Egg Harbor Township. The landfill is approximately seven miles from Somers Point. According to those interviewed, sanitation drivers make one trip per day to the landfill to tip their loads. Sanitation laborers are brought back to the PW facility before the trash is hauled to the landfill. The laborers are then assigned other tasks for the duration of the day.

The city provides curbside trash collection services to approximately 3,779 single-family homes, three public and one parochial schools, and the VFW and American Legion organizations. Trash is collected twice a week during the school year and once a week during the summer. DPW does not collect trash from apartment complexes, mobile parks, condominiums or any businesses.

The American Public Works Association (APWA) reports that the national average for public-sector trash collection is 600 stops per day. The APWA found no difference in productivity between two and three person crews. The APWA reports the private-sector average number of stops per day at 700. We computed that on average each vehicle is making 630 stops per day.

Cost of Operations

In 1998, it cost the city approximately \$544,320 to collect 3,982.23 tons of trash. Included in this amount were salaries and benefits totaling \$216,200, approximately \$20,163 of other expenses, \$186,274 of tipping fees, and \$121,683 of environmental investment charges (EIC). Factoring out the EIC charge and the tipping fees, the collection and hauling cost amounted to \$236,363, or \$59.36 per ton.

The team is familiar with both contracted and municipal operations in the South Jersey region that cost from \$45 to \$60 per ton for curbside collection. While at the high end of the range, and recognizing some of the costs are estimated, it is clear that the department is effectively and efficiently providing trash collection and hauling. Were the city to reduce its per ton costs to \$50 per ton, the city would save \$37,263 annually. Reducing the cost per ton can occur by reducing the expenditures to collect the current tonnage, or through increasing the tonnage handled, without increasing the expenditures. Many municipalities have reduced expenditures by operating with two person crews.

Condominiums

N.J.S.A. 40: 67-23.2 et. seq. mandated that where residential condominium associations were providing certain municipal services to the residents, the municipality is required to either provide the service or reimburse the association. The reimbursement amount is based on what the municipal cost would be to provide the service or what the condo cost is to provide the service, whichever is less. In Somers Point, as in most municipalities, the most costly service is trash collection. Reports provided to the team document that the city was reimbursing all condominiums. Based on the team's estimates, it appears that adding new condominium units to the existing trash collection routes could be more cost effective than reimbursing the condo association. Adding an additional crew (three full-time, with benefits) on an existing truck in order to collect trash from these condominiums would not be cost effective.

In Somers Point, collecting trash from condominiums, for which the city is currently reimbursing the condominium associations, may increase tonnage, while only adding marginally to the operating cost. Accordingly, collecting trash from condominiums rather than reimbursing the homeowners association, may increase the overall efficiency of the operation as measured by cost per ton. At the time of the team's fieldwork, the department was evaluating the possibility of collecting trash from the condominiums.

We commend the city for an efficient trash collection operation.

Recommendation:

We recommend the city modify the trash collection system to reduce the crew size and include condominiums, where feasible.

Those interviewed informed the team that the parochial school has doubled in size over the past few years and expressed concern that the city was funding the solid waste collection for the school and the other tax exempt, non-profit organizations. The department records indicate it costs approximately \$62,870 to collect and dispose of refuse from the four schools and \$11,000 per year to collect trash from the American Legion and VFW organizations. A significant portion of this cost is the tipping fee, which is not factored into our computed cost per ton of collection and hauling.

Recommendation:

The city may wish to consider a fee for trash collection and disposal for tax exempt properties currently receiving service.

Bulk Collection

The DPW collects bulk items such as furniture, carpet and wood each week. Two employees are assigned to this function. Half of the town is collected on Thursdays and the other half is collected on Fridays. The staff uses a dump truck for these collections.

According to the DPW's records, it cost approximately \$30,897 to dispose of 578.14 tons of bulk waste plus, approximately, \$14,456 in salaries and benefits to collect the items.

Many municipalities have found collecting bulk trash once per month allows for the more efficient use of staff time. Based on the tonnage and the time used, it appears that the bulk crew collects approximately 5.5 tons each bulk day. This represents about 50% of the weight collected on a typical trash route each day. We understand that when bulk collection is done for the day the staff is reassigned to other duties. We believe reducing the frequency of the collection schedule and staggering collections among the existing trash routes may provide some marginal efficiency in the use of staff time.

Appliance Collection

The department provides curbside collection of large appliances (white goods) twice each month. Two employees are assigned to this task. The white goods collected are taken to a recycling marketer in Cumberland County two to three times per month, via the department's roll-off truck. The roll-off truck is capable of hauling 30 to 45 yard containers. The recycling coordinator reported that the revenue from the sale of the scrap material is deposited in the recycling trust fund. The department earned approximately \$3,000 from the sale of white goods collected by PW employees in 1998. The recycling coordinator reported that the department used the recycling trust fund to buy new roll-off containers.

Leaf Collection

The leaf collection function begins during the first week in November and ends in December. Leaves are collected city wide, on a weekly basis, by a team of seven to eight member crews. Residents are required to rake their leaves to the curb for pickup. Bagged leaves are not permitted at curbside during this period.

The department uses two leaf vacuuming machines, two dump trucks, and two roll-off trucks to transport leaves to the disposal site. The process calls for one person to operate the vacuuming machine while another worker rakes leaves. The leaves are vacuumed into the dump truck, which, when full, is dumped into a 40 yard container on a roll-off truck at the DPW facility. In the meantime, while the dumping process is going on, a replacement truck is used to continue the leaf collection process.

The leaves in the roll-off containers are delivered to nearby farmers who accept the leaves free of charge. According to the superintendent, the city's leaves are in high demand among farmers. Accordingly, the city has many sites available for leaf disposal. The city's bagged leaves are also taken to area farmers. The disposal of bagged leaves is also cost friendly because the farmers' employees are responsible for opening and emptying the bags.

According to the DPW records, in 1998, the DPW staff collected 2,861.54 tons of leaves. We compute this equates to approximately 8,600 cubic yards or compacted leaves. Based on costs experienced by other municipalities, we estimate the city has avoided costs for leaf disposal at \$4 per cu. yd., or \$34,400.

We commend the city for its diligent effort in saving taxpayer dollars.

Recycling

The city's recycling coordinator reported that Somers Point was the first community in South Jersey to begin a recycling program. The city's recycling program was in operation from 1982 to 1989. In 1989, the city contracted with the ACUA to provide recycling services, and paid approximately \$14,000 for recycling containers that were distributed to each residence. According to the recycling coordinator, ACUA noted that the city's recycling rate increased by 10% after the identifiable recycling containers were placed in service.

According to the ACUA, during 1998 Somers Point recycled 2,314 tons of household waste and an additional 604 tons of yard/wood waste. This represents 28% of the solid waste in the city. During the same period, the county average was 20%. The recycling rates in the county ranged from 6% to 44%.

The contract with ACUA provides for curbside collection every other week. Bottles and cans are commingled and can include glass, plastic, aluminum, and steel. Newspaper and cardboard is collected separately. This service cost the city \$122,825 in 1998.

Some expressed the opinion that the DPW can operate the recycling program more cheaply than the ACUA because the city already owned roll-off containers and residential containers. It would have to acquire two curb collection trucks. Some felt that the existing staff could accomplish the recycling operation every other week. Those interviewed on this subject stated that the revenue received from the sale of recyclable commodities by the city would produce a profit of 25% over expenses.

The team did not attempt to analyze this alternative in detail; however, we are skeptical that commodity sales will consistently result in the profits suggested, without the economy of scale that ACUA can bring to bear.

We feel that public education efforts to increase the quantity of recycled material will provide a more reliable reduction in the city's expenditure for trash disposal. A 10% increase (230 tons) in the recycled tonnage would reduce the city tipping fees by approximately \$55 per ton, or \$12,650.

Recommendation:

We recommend that the recycling coordinator and city administration increase public education efforts directed at increasing the tonnage of recycled material.

Buildings and Grounds

Buildings

The superintendent reported that there are eight buildings/structures, including playing field structures, that are under the care of the DPW. They are town hall, the PW buildings, youth center, senior center, the city's pier and beach house bathroom, little league building and bathrooms. The city's buildings and structures are maintained by two staff members, who are responsible for making repairs to the building, such as electrical, plumbing and or carpentry related repairs. All maintenance work is controlled by written work orders.

The department is not responsible for any custodial/janitorial functions. According to the superintendent, the city business administrator arranges for the custodial needs of the city's buildings through a local janitorial service.

The team was unable to calculate any meaningful comparative cost analysis because of the difficulties encountered in pricing out the various types of services performed by the two employees assigned to this function.

Grounds

Two employees are responsible for maintaining the city's approximate 60 acres of playing fields (12 fields), beach, park, City Hall grounds, and public boat ramp. Their responsibilities include grass cutting, weeding, lining fields, fertilizing and mulching. Grass is cut on a weekly basis during a 7.5-month period, while other grounds-related functions are done less frequently. Work on the boat ramp entails restoring the wooden decking annually.

The cost of maintaining the grounds in 1998 was approximately \$81,505. This amount consisted of wages and benefits of \$79,053 and, approximately, \$2,452 of other expenses. We estimated the municipal cost for turf maintenance to be approximately \$34 per hour.

While there are no readily available published benchmarks for providing grounds services for municipalities, the team is familiar with per acre unit prices for turf maintenance of approximately \$31. In addition, the American Schools and Universities Magazine (ASU) publishes annual data on the cost to provide school building and ground maintenance. ASU guidelines suggest one grounds worker for every 25-30 acres is appropriate staffing, where intensive "turf management" is not required. Accordingly, we conclude the grass cutting operation is appropriately staffed.

We recognize our estimate of time spent grass cutting may be conservative and not accurately account for time spent on other field maintenance activities. We believe a more accurate estimate would reduce the hourly rate computed. Accordingly, we conclude the city's grounds maintenance operation is cost effective.

We commend the city for cost-effective field maintenance.

EMERGENCY MANAGEMENT

The Somers Point Office of Emergency Management has developed an Emergency Operations Plan under the authority of the Emergency Management Act. The Division of State Police, Emergency Management Section last approved this plan in December, 1997. All recommendations from the State Police were forwarded to the appropriate persons responsible for each plan annex. All recommendations were implemented. The approval calls for yearly updates and a resubmission of the plan to the State Police by November 25, 2001.

The city provides funding for emergency management through the municipal budget. In 1999, the city appropriated \$3,700 for salary and wages, and \$2,800 for other expenses. Salaries are paid to two part-time employees, the emergency management coordinator and the deputy emergency management coordinator. These employees do not receive benefits.

The team was able to observe emergency management operations first-hand on September 16, 1999, when Hurricane Floyd threatened the Somers Point area. The city set their emergency management plan into effect. The administration held a departmental meeting shortly after the plan was activated to insure that all departments had up to minute information and all annexes were properly manned and ready for the approaching storm. The emergency management coordinator, the deputy emergency management coordinator and representatives from the police and fire departments attended a countywide emergency management meeting the day before and they reported on the regional and local preparations that had been set into motion. Each department then reported on their state of preparedness, with areas of necessary interdepartmental cooperation being highlighted. Participation and interaction evident at this meeting substantiated assertions that the emergency management effort was a true team effort.

There was also discussion of the cooperative efforts in place between Somers Point and Ocean City. Somers Point is one of the three evacuation points for Ocean City. Because of this, the emergency management staff has an ongoing arrangement with Ocean City emergency management to coordinate evacuees from Ocean City and to store Ocean City's emergency equipment whenever an emergency is predicted. The two jurisdictions were in close communication for this storm and preparations to accept both evacuees and equipment had been undertaken.

The team commends both the city administration and the emergency management team for their cooperative and efficient emergency response. We also commend the city for its close cooperation with Ocean City to shelter evacuees and protect emergency equipment.

The Somers Point Emergency Management Center is housed in the municipal building, with a separate entrance located adjacent to the police department entrance. It has telephone and radio communications, as well as, fax and Internet access.

The emergency management coordinator stated that the individual members of the team received little formal training due to their volunteer status and their full-time jobs. Atlantic County holds periodic emergency management drills to hone the coordination of emergency management service providers throughout the county. Somers Point has sent representatives to participate in these drills whenever possible, but participation is limited due to the personal time limitations of team members. Due to the regularity of hurricanes and other storms that have impacted Atlantic County in the past few years, drills have been supplemented by actual events.

PUBLIC ASSISTANCE

The welfare department administers public assistance to adults without dependent children. State regulations require the local office to refer individuals with dependent children to the county welfare department. In accordance with state law, the city has appointed a five-member local assistance board that oversees the administration of public assistance. The city also has a part-time director, who works five days a week between the hours of 9 a.m. and noon. The local assistance board and the city council considered moving the entire program to the county in 1997. The local assistance board and the city council rejected this move, primarily, because it was felt that the county could not provide the personalized service to these clients. Apparently, the county expressed to the city, at that time, that they would interview clients only once every six months. This prompted the city to retain the program within city government.

The city has an average of 27 cases per month most of which are unemployable. The city reduced the salary for the director from \$10,300 in 1998 to \$8,300 in 1999. Operating expenses for the program are budgeted at \$1,500 per year but no more than \$500 of the budgeted amount was spent in 1997 and 1998. Based on the 1998 expenditures for the program, we compute that a typical case is costing the city \$27 for program administration. The State of New Jersey provides all client aid.

Recommendation:

We recommend that the city reconsider its earlier decision to retain the welfare operation and consolidate with the Atlantic County program. This would result in estimated savings of at least \$8,800, based on current year expenditures.

Cost Savings: \$8,800

An evaluation of the Public Assistance Trust Fund PATF I and PATF II accounts found that the PATF I account had been inactive and carrying a balance of \$12,747 for an extended period of time. This account has reportedly not been used over the past 12 months. The PATF II account appears to be carrying large balances ranging \$15,000 to \$31,000 between January, 1999 and June, 1999.

Recommendation:

We recommend that the city take the necessary steps to dissolve the PATF I account. This will require the approval of the New Jersey Department of Human Services.

One-time Revenue Enhancement: \$12,747

UNIFORM CONSTRUCTION CODE (UCC)

The division of inspections is part of the department of community development. They handle all matters relating to the New Jersey Uniform Construction Code and the related inspections, plan review, building permits and certificates of occupancy.

The following table illustrates the permit activity over four years:

Year	New Permits	Permit Updates	Construction Value
1996	501	77	4,331,357
1997	492	76	15,038,519
1998	486	95	9,175,502

The city added an average of 12 residential units per year from 1996 through 1998. The city issues approximately 75% of its permits for alterations and/or additions to residential property. The overwhelming majority of the rest are for remodeling at non-residential sites.

The division staff includes a construction official, who also serves as the building sub-code official, one part-time fire official, one part-time plumbing sub-code official, one part-time electrical sub-code official, and one full-time clerical staff member. The construction official is also the zoning officer and reports he and the clerical staff member spend approximately 30% of their time on duties other than construction code.

In 1998, the salary and wage expenditures totaled \$70,450. Other expenses were \$4,327. The fully loaded wage costs were \$134,765.

Financial

The city currently dedicates construction code revenues to UCC purposes within the municipal current fund budget. The NJDCA also permits municipalities to dedicate UCC fees “by rider.” “Dedication-by-rider” is simply a means of using UCC revenue for UCC expenses without affecting the current fund budget. Municipalities typically dedicate by budget for expenses that are largely unaffected by fluctuations in construction activity, for example the costs associated with direct employees. Municipalities typically use “dedication by rider” for expenses that vary with the volume of permit activity, such as third party inspection contracts. Dedication by rider is beneficial in cases where the municipality realizes permit income in one budget year but incurs the expense of third party inspections in a subsequent year. It is also valuable for matching income and expenses when the volume of construction is difficult to predict. When the

municipality dedicates UCC fees through the budget, revenue that exceeds expenses adds to the municipal surplus each year. Funds dedicated by rider are reserved in a trust account, which is used to pay the expenses associated with the revenue.

The city allocates direct and indirect wages, benefits and other overhead against the revenue generated from permit fees in accordance with the methodology established by the NJDCA. When revenue is significantly above or below expenses over time, the municipality must consider review both the operational needs of the construction code office and the fees charged for the permits. In Somers Point, the construction office has been self-supporting operation for 1997 and 1998. During 1996, the office was not self-supporting, and fees were increased accordingly.

DCA recommends that surplus should not exceed 20%, or \$100,000, over a three-year period.

We commend the city for acting to place the construction code office on a self-sustaining basis.

Technology

The office operates permit-tracking software provided the state (UCCARS). The software provides a variety of reports, in addition to those required by the state.

Records Management

The construction code office maintains all of its records on paper. The office has its archival files in the basement of the building. Generally, the files are well organized. The plans, however, are generally disorganized.

Recommendation:

We recommend the construction official work with the township clerk to review the record retention schedules and prepare a request for record destruction. The approval from the State Library for record destruction should be in hand before the township destroys records.

Microfilming of files and plans may provide a means to reduce the volume of archival material.

Building Code Effectiveness Grading

The Insurance Service Office (ISO) is an organization upon which property insurers rely for an impartial evaluation of building codes and code enforcement. Insurers, in computing property insurance premiums, use the ISO Building Code Effectiveness Grading to quantify the municipal effort to mitigate property damage due to natural disasters. The ISO studies the administration of the building code, the plan review function, and field inspection. The review includes an evaluation staffing levels and quality assurance.

Classifications range from one to ten, with ten representing less than the minimum recognized protection. Somers Point City received a classification of four for one and two family dwellings,

and a four for all other construction. An ISO representative reports that “four” represents a good classification. According to the ISO representative, no agencies in New Jersey have achieved a ‘one’ and very few received a “two.” Rating deterioration below a “six” may affect commercial insurance premiums incrementally. Greater deterioration may begin to affect residential insurance rates and may affect commercial rates more dramatically.

We commend the township for a diligent and professional UCC office.

The ISO report indicates that, among other things, improvements are possible in the area of increased staff continuing education, periodic peer review of plans, annual performance evaluations, and public awareness.

Staffing

The DCA performed a staffing analysis for the UCC related activities, based on the number of permits issued in 1998. The staffing analysis shows that the township has staffed the construction official/building sub-code functions slightly below the recommended range. Accordingly, one may anticipate that when permit activity is high, the office may need additional staff time for plan reviews and inspections. The city may wish to accomplish this by engaging a third party contractor to work as needed. Based on the permit activity in 1998, we estimate \$5,000 annually would provide adequate additional inspection time for building sub-code.

We believe additional staff time will also allow the construction office to address the ISO suggestion that the staff receive additional training by permitting the construction official to conduct in-house training for those reporting to him as well as provide time to attend outside training.

The plumbing, electrical and fire sub-codes appear to be staffed appropriately. In addition, the part-time nature of these positions permits the scheduling of additional time during heavy work periods.

We believe the construction official can address the ISO recommendation for public awareness by buying and/or developing relevant literature for property owners. Such literature is readily available from several construction official organizations. The township can distribute these items without additional cost by including them in other township wide mailings.

Peer review and annual performance evaluations involves the construction official providing for the review of a sample of plans approved and inspections made by the various sub codes, and formally reviewing the work of the sub-code officials. We believe the peer review can be accomplished cooperatively among area towns such that qualified staff can conduct a review of another towns plan review and inspection functions.

Recommendation:

We recommend budgeting additional funds to accommodate building sub-code and temporary assistance during periods of high permit activity.

We recommend the construction official explore the possibility of conducting peer reviews and performance evaluations.

Value Added Expense: \$5,000

COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we make the following comments and recommendations to provide the township with information on current and potential operations, procedures, and programs available to the court. We make recommendations with the knowledge that further review and approval by the appropriate personnel is required.

Operations

The team observed a number of court proceedings, viewed the facilities, and interviewed persons working in, or directly associated with, the Somers Point Municipal Court.

The total budget for the municipal court in 1998 was \$127,600. This included salaries for the municipal court employees and, also, the judge and the public defender. An analysis of these figures shows that the municipal court employees (the court administrator and the deputy court administrator) were paid \$60,559, including \$7,194 for overtime. The “other expense” line for the department was budgeted at \$34,000, of which \$32,458 was actually spent. The fully loaded personnel costs for municipal court employees, which include statutory expenses, medical benefits, longevity, and leave time, totaled \$106,723.

During 1998, the court collected \$552,722 in revenue. The township retained \$298,817 of this revenue. The court disbursed the balance to state and county agencies.

The court disposed of 5,216 complaints and added 4,948 complaints in 1998. There were 3,908 traffic summonses and 1,040 criminal complaints issued during 1998. Of the traffic summonses, 3,175 were moving violations; 733 were parking.

The judge scheduled court sessions four times a month. Including special sessions and trial sessions, the court had 50 sessions in 1998. The typical docket consisted of approximately 60 cases.

Organization/Staffing

The municipal court currently has a staff of two full-time and one part-time staff members, and one part-time judge. The full-time staff consists of a court administrator, who is responsible for the overall management of the department, and a deputy administrator. It is important to note that the part-time employee referenced above was not on the staff in 1998.

The judge presides over each court session, and is on call to handle emergent matters that may occur. Court sessions are scheduled each Tuesday at 5 p.m. During court sessions, one staff person works at the bench monitoring the recording system and entering dispositions into the

computer. The other full-time and part-time staff member work in the office cashiering, preparing time payment applications, and processing papers for those sentenced to probation, community service, or attendance at the intoxicated driver resource center. The staff and supervisor all receive straight time pay for the first three hours of work beyond the normal workday. They receive compensatory time for the next 2.5 hours of court, and overtime if court runs beyond 9:30 p.m.

The court proceedings start at the scheduled time. The staff takes attendance at the entry to the courtroom. Pamphlets explaining court procedures and an individual's rights in court are readily available outside the courtroom. The staff shows a videotape at the beginning of each court session featuring the judge explaining court procedure and individual's rights in the municipal court. The use of videotape is a commendable use of technology to deliver this information in a consistent manner. Reportedly, the judge usually arrives at the municipal building 10 or 15 minutes after the hour and immediately proceeds onto the bench. The staff reports that, while sessions with trials can last until 11 p.m., the typical session ends between 9:30 and 10 p.m. A number of individuals interviewed suggested that additional court sessions would be beneficial. Although the administrative office of the courts has not established formal standards for caseloads, the team observed 60 cases per session was resulting in an unbalanced weekly workload for the staff. It also causes witnesses and defendants to wait up to four to five hours to be heard.

We commend the court for the use of the videotape. We feel this provides an efficient and consistent explanation of rights to those in attendance.

Recommendation:

The team recommends that the court schedule additional sessions each month.

The sessions the team observed are conducted in an orderly and professional manner. The courtroom is quiet and free of disruption. The municipal court staff is able to accommodate competing demands in a flexible and professional manner. The city police provide security during the court sessions. In addition, alarms are installed at the bench and in the court office. Other officers are responsible for prisoner transport and handling.

Facilities

The court holds session in the municipal building auditorium. The room has a capacity of 120. The court facility appears accessible for the physically handicapped, and large enough to handle the number of persons in attendance at each session. Both the courtroom and the office have alarms. The court administrator reports the bench is fitted with a bullet deflection shield.

Arraignments

An arraignment hearing in municipal court is required shortly after one is arrested for a non-indictable crime. The hearing is brief. It consists of the court informing the defendant of the charges the police have asserted and also the defendant's options regarding legal representation and pre-trial intervention programs. In cases where the defendant is in custody at the county jail,

transportation of the prisoner to the arraignment hearing becomes a costly process. Sheriff's officers and local police officers must take time to process necessary paperwork to transport the prisoner. Security must be arranged for the transport to and from the hearing as well as in the courthouse. The actual transportation ties up manpower and equipment. Facilities must be made available at the hearing site to hold prisoners awaiting arraignment. Somers Point faces these issues and their associated costs at each of their court sessions.

Egg Harbor Township is currently one of the Atlantic County municipalities that conduct arraignments without the need to transport the defendant. The arraignment is conducted through a two-way video conferencing system. The system, referred to as video arraigning, was installed in 1998 at a cost of \$46,500. The operating cost primarily consists of the use of specialized telephone circuits capable of handling voice and video. We estimate that Egg Harbor Township reduced prisoner transportation by 91% through the use of the video system.

We believe Somers Point, through an interlocal service contract with Egg Harbor Township, can avoid much of the cost of prisoner handling without the expense of buying its own video arraigning system. We believe the Egg Harbor Township courtroom schedule would permit the scheduling of Somers Point Court arraignments. This could be accomplished either by having the Somers Point judge and staff use the Egg Harbor Township courtroom, or by arranging to have the Egg Harbor Township judge arraign Somers Point cases together with Egg Harbor Township cases. Somers Point would benefit by avoiding the cost of buying the equipment for infrequent use while benefiting from reduced police prisoner handling time. Egg Harbor Township would benefit by getting revenue to offset the cost of their expensive equipment. This report will detail the estimated savings derived from video arraigning in the police section. However, based on the experience of Egg Harbor Township, the team estimates that Somers Point could avoid as much as 75% of the cost of transporting its prisoners.

Recommendation:

The team recommends that the city actively pursue an interlocal, video arraignment agreement with Egg Harbor Township to reduce its cost of prisoner handling.

Cost Savings: \$3,047

Case Management:

The court receives summonses directly from the public and from a variety of agencies. These include the New Jersey State Police (NJSP), the NJSP Marine Division, the NJDEP Division of Fish, Game and Wildlife, and the local police. The court administrator manages the process by delegating to staff certain responsibilities, such as complaint entering, case scheduling, cashiering, and producing failure to appear notices and bench warrants. Both the court administrator and the deputy administrator have successfully completed the AOC courses to become certified court administrators. The staff appears to be well trained and capable of assuming each other's duties.

The court operates the Automated Traffic System (ATS) and Automated Criminal System (ACS) provided by the State Administrative Office of the Courts. The ATS/ACS computers provide elaborate record keeping and case tracking for both the municipality and the state judicial system. The ATS has been in use since 1995, and the ACS since 1996. The staff appears knowledgeable in the various features and uses of the systems. The 1998 statistical reports show the average case disposal rate was over 105%, indicating that the staff is effectively using the ATS/ACS computer.

The current caseload, per month, per employee is 206 cases. Many factors affect the ability of a court staff to process cases. Foremost is the mix of cases. The percent of parking violations versus moving violations versus disorderly person (criminal) cases will impact caseload efficiencies. Other factors include the training, experience, and diligence of the staff. LGBR has reviewed other well-run municipal courts with monthly, per person caseloads of 400. These courts are handling primarily parking and other traffic violations. A well-run court with a 20% criminal caseload, along with 60% moving violations and few parking violations, has a monthly per person caseload of 180. The court in Somers Point, with a 21% criminal caseload and 64% moving violation caseload, fits our profile as a well-run operation. We conclude that the court's current staffing level is appropriate. Our observations lead us to believe there is very little additional caseload capacity and overtime may be more effectively used to employ part-time staff.

The team commends the Somers Point Municipal Court for its efficiency in handling its caseload and its disposition rate.

EZ Pass

Somers Point is host to the Great Egg Harbor Toll Facility and the Route 52 exit toll station on the Garden State Parkway. The Regional Consortium installing the EZ Pass system on New Jersey toll roads predicts the EZ Pass system will result in significant volumes of summons for toll violators in those municipalities hosting toll facilities. The EZ Pass consultants based these predictions on current estimates of toll violators. If true, the additional volume will dramatically affect the Somers Point Court, at least until motorists learn to avoid violations. We believe the city and court should view staffing decisions related to EZ Pass as temporary, until the EZ Pass system summons stabilize.

Case Scheduling

The court schedule is generally not coordinated with the police work schedule. If an individual officer informs the court staff of vacation plans, the court staff reschedules the cases for which the officer's appearance may be needed. Otherwise, the court staff prepares the docket and informs the police of which cases are scheduled. The court staff reports that the police supervisors determine if an officer will appear, based on the likelihood of the case proceeding to trial. In cases where an officer is directed not to appear and the case proceeds to a trial, the staff reschedules the case to another session.

Recommendation:

The team recommends the police and court administration operate more cooperatively. This is important to the taxpayer because issues, such as, the transportation and housing of prisoners, scheduling of police officers for testimony, and processing persons into prison can cause significant overtime and staff frustration, if not properly coordinated.

In many municipalities, evening court sessions result in overtime wages for the staff working those sessions. In Somers Point, overtime wages (\$7,194) represent 11% of the adjusted base salary expenditures. The team does not find this extraordinary, however, the city should continue to evaluate its manpower needs within the court, particularly in light of the upcoming EZ Pass system.

Our review of the ATS monthly management report shows that a persistent number of both local police and state police summonses take longer to enter into the computer system than AOC guidelines suggest is prudent. Ideally, all local summonses are entered within four days, state police summonses are to be entered within seven days. Those interviewed report that, at times, the police do not turn in their summonses, promptly delaying the court staff. This can cause operational problems because many motorists appear at the violation bureau to pay their fine before the court has received a summons from the officer. In order to accommodate the motorist, the court often processes the ticket using the motorist's copy. At times, the copy is difficult to read, resulting in citizens paying fines in the wrong court, or other clerical errors that require additional time to correct.

Recommendation:

We recommend that the court administrator contact the state police barracks commander and the city police chief to discuss a means of having summonses submitted to the court more promptly.

Time Payments

From time-to-time, defendants are unable to pay the fines assessed by the court. In these cases, the judge may allow a defendant to make installment payments or "time payments." The court has an Application to Establish Indigence form (form 5A), to be used for those requesting the services of the public defender or to pay fines in installments. In many courts time payments become delinquent and require aggressive follow-up by the court staff. In reviewing the time payment accounts of the Somers Point Court, we found court personnel are actively pursuing the collection of delinquent accounts.

In the pre-recorded videotape that is played prior to each court session, the judge indicates that the court would automatically grant time to pay to those who requested it. New Jersey Court Rules require that time to pay requests be granted. Judges do, however, have discretion in establishing the frequency and amount of the partial payments. In practice, the judge did unerringly grant time to pay requests at the time of sentencing, prior to the defendant filling out a form 5A. As a result, frequency and amount of payments were determined prior to the judge

having relevant information regarding the defendant's financial circumstances. The judge did question all defendants on the record concerning candidacy for time payments, and explained the consequences should the defendant fail to comply with the time payment program. In other courts with which the team is familiar, the judge will direct time to pay applicants to complete the 5A form and return to the courtroom at the end of the session for a determination. Our experience is that many applicants reconsider their need to apply, in light of the delay, and produce the funds to pay the fine.

The team commends the court and court staff on their aggressive efforts to enforce the terms of time-payment orders.

Credit Card Payments

Recent revisions to the rules governing the administration of the New Jersey Court System permit municipal courts to accept credit cards for most payments due to the court. Somers Point has not yet adopted the use of credit cards in their court. Those interviewed felt that using credit cards would eliminate many time payment applications. We understand the city is considering authorizing credit card payments and the process should begin shortly.

Failure to Appear Notices

During the period reviewed, the court produced and mailed Failure-To-Appear (FTA) notices promptly after each court session. This is an important feature for both the enforcement of summons to appear, and for the internal financial controls of the court. Failure to Appear notices, like other forms of late notices, are an important feature of an internal control system, and should not be delayed unnecessarily.

PUBLIC DEFENDER

The municipal public defenders law, N.J.S.A. 2B:24-1 et. seq. requires each municipality to hire a public defender. Somers Point has chosen to appoint an attorney as a part-time employee to provide this service. The law also provides that the city may charge an application fee of up to \$200 for those requesting a public defender. The fee in Somers Point is \$50. The fees are to be used to offset the costs incurred by the city to provide a public defender. During 1998, the city received approximately \$4,000 in public defender fees.

A defendant who wishes to have representation by the public defender is required to complete an application and affirm the accuracy of the information on the record. Staff indicated that the court averaged about two applications per session in 1998. The municipal court judge reported that about 30% to 50% of all public defender applications were denied.

The city paid the public defender \$3,000 during the 1998 fiscal year for handling all assigned cases. The total employee position cost, including Social Security and Medicare, was \$3,230. The public defender does not receive health, sick leave, or vacation benefits. The public defender is a part-time employee and there is no budget line for his services. Consequently, there are no "other expenses" associated with that position.

The public defender reports that, on average, he appears in court at least once per month. He conducts interviews with clients, as needed. In 1998, the public defender handled 80 cases. This results in an average cost per case of \$37.50.

PROSECUTOR

The city has appointed a municipal prosecutor to present municipal complaints to the court. The prosecutor is appointed as a part-time employee and was paid \$12,000 for 1998. The total employee position cost, including Social Security and Medicare, was \$12,918. The team observed that the city prosecutor was always present for each court session, prepared for his cases, and ready to proceed on all matters. The 1998 municipal budget carried a line for the municipal prosecutor, which included \$250 for “other expenses.”

One of the duties of a prosecutor is to assist with the record management pertaining to the discovery process. Accordingly, when a case involving a city police officer goes to trial, the defending attorney requests a copy of the police file concerning the case. Typically, the prosecutor reviews the police file and approves the items the police may release to the defense attorney. The police record bureau makes the copies and mails the documents to the defense attorney. The police department charges a \$15 fee for this service (\$15 up to five pages, \$2 per page thereafter). Fees for discovery are common among all police agencies; however, the New Jersey State Police (NJSP) will waive discovery fees that emanate from a municipal prosecutor.

The team noted that on all cases arising from the NJSP involving discovery, the municipal prosecutor receives a request for discovery from an attorney. When this request is accompanied by a check for the required fee, both the discovery request and the check are forwarded by the prosecutor on to the state police. When the state police receives this check, they assume that the municipality has already received their fee, so the NJSP returns the check to the defending attorney. The result is that Somers Point is left without a fee in these cases. The team notes that this scenario is not common and that the dollar amount involved is minimal, however, care should be taken to avoid this practice in the future.

SOMERS POINT RECREATION COMMISSION DEPARTMENT OF PARKS AND RECREATION

Somers Point offers a wide variety of recreational programs, with features that appeal to all age groups within the community. The programs are organized through the cooperation of volunteers, the recreation commission, and the community education/recreation director. In 1975, the city established a board of recreation commissioners pursuant to N.J.S.A. 40:12-1 et. seq. (ordinance 1 - 1975). The board is composed of seven commissioners, all unpaid and all appointed by the mayor with the consent of city council. The board has full control over all recreation areas and facilities, and has the power to conduct any form of recreation or cultural activities. The commission has also established by-laws that specify the duties of the board and its officers, as well as, how the board will be structured. The commission has taken an active

role in providing guidelines for youth sports activities in Somers Point. These guidelines, which are printed in pamphlet form, offer a code of ethics for players, parents, and coaches as well as insights into why children do or do not participate in sports. They, also, list rules governing the conduct of the coaches with written standards and policies that include procedures for handling complaints and penalties for violations. The commission has adopted the 11 standards from the National Standards for Youth Sports that address such issues as the well being of the child relative to the sports program, the role of sports in the child's life, the role of the parent in the sports program, etc.

The team commends the efforts of the recreation commission and the community education/recreation director for developing, publishing, and enforcing high standards for sports activities and coaching.

The city created the position of community education/recreation director in 1980. An employee of the Somers Point Public Schools currently holds the position. The director has a full-time position with the school and executes his recreation responsibilities as time allows. The school pays the salary of this employee and also provides facilities, supplies, and clerical assistance for his recreation duties. The city reimburses the schools \$2,000 to help defray the expenses. One of the concerns that were brought up during interviews was the limited financial support that the city provided for the recreation department. At one time, the city and the schools shared the recreation expenses for the community education/recreation program. Since 1981, the board of education has shouldered the bulk of the financial responsibility.

The director provides administrative support and direction for all of the recreation programs offered by the city. The director's duties are spelled out in the city code, and they include coordinating all activities related to the community education/recreation program. It was evident during the interview with the director that he was fully committed to the mission of the recreation department. The director supported the concept that the city and the school coordinate their resources for the benefit of the whole community.

The city's open space inventory lists the following recreational areas:

Recreation Area	Acreage
Fehrle Field	8.8
Lawrence "Bud" Kern Memorial Field	20.1
John F. Kennedy Park	10.5
Bay Avenue Municipal Beach	2.4
Bike Path	9.8
Eva Anderson Building & Playground	0.8

In addition to the facilities listed above, the commission owns 4.4 acres of undeveloped property, earmarked for future recreational needs.

The recreation program provides standard youth programs such as baseball, football, soccer, swimming, and tennis. They also offer a variety of other programs such as volleyball, walking

groups, line dancing, yoga, sewing, cooking, chess, day trips, concerts, and many other activities. Funding for the various recreation programs comes from the current fund and the recreation trust fund.

Expenditures from the current fund are identified in the regular city budget and are supported, for the most part, through local taxes. These expenditures include maintenance, supplies, salaries, etc., which are used to support sports and recreational facilities throughout the city. The only recreation employees that the city hires are lifeguards. These employees are seasonal basis and their salaries are paid out of the current fund. The total 1998 position cost for these employees, including Medicare and FICA taxes, was \$12,471. Other expenses paid through the recreation budget totaled \$7,188.

Expenditures from the recreation trust fund are identified in a separate budget developed by the recreation commission. The revenue for this budget is user fees, donations, and fundraisers. Recreation expenses funded through these sources are the direct costs to operate the recreational programs. One benefit of having established a dedicated recreation trust fund is that the commission can use revenues from current recreation programs to pay for the cost of the programs without amending the municipal budget. All balances in the trust fund are carried over and made available for use in the following year. Records indicate that the fund has carried a surplus since, at least, 1994. Actual disbursements for the recreation trust fund in 1998 totaled \$39,047. A balance of \$14,294 was carried into 1999.

In addition to offering recreational programs, the commission has joined with local businesses to sponsor the Lawrence "Bud" Kern Memorial Run/Walk. This is an annual community event that raises funds for a scholarship to be awarded to a Somers Point resident. The community education/recreation program has also formed a foundation for education that uses the resources of the recreation program to benefit the school district.

We commend the City of Somers Point and the Somers Point School system for making available such a wide range of varied and unique programs, while placing only a minimal burden on the taxpayers. Also, their cooperative approach to community recreation and the promoting of educational opportunities through recreation is commendable. The team does recommend, however, that the city and the school board review the expenses associated with the community education/recreation program, with an eye toward equalizing the financial burden of administering the program.

Municipal Parking Lot

The city operates a municipal parking lot on Bay Avenue between Anna Avenue and Somers Avenue. The city purchased the lot in 1992 for \$125,000 through bond ordinance 9-1992. The lot is easily assessable to restaurants and clubs which makes it a prime parking location in an area in which parking space is needed. The result is that the lot fills quickly on summer weekends. Public hearings were held in the early 1990's to discuss the purchase of the lot and gather input on its best utilization. At that time, residents showed an interest in developing off-street parking to alleviate congestion on weekends. During these meetings, there was mention of installing parking meters in the lot in an effort to generate revenue to offset the purchase price of the

parcel. Preliminary sketches of the proposed lot showed approximately 45 - 50 spaces with landscaping to buffer it from adjoining properties. The city initially intended to collect parking fees on its own, then they experimented with leasing the lot to the private sector. All of these attempts to generate revenue proved unsatisfactory.

Staff was unable to produce an ordinance establishing fees or policies for the use of this lot. There is currently no charge to park here during the week. However, during the summer (roughly Memorial Day through Labor Day) fees are charged to park there on Saturday and Sunday evenings. The city stations a municipal employee at the lot to collect parking fees from 3 p.m. to midnight on these days. Those interviewed contend that the presence of this lot attendant is a deterrent to disorderly person incidences at the lot. Proceeds from the weekend are held by the attendant and turned in to the finance office on Mondays. Gross revenue in 1998 from the parking lot totaled \$4,329. The fully loaded wage costs for the attendant for this same period were \$1,734. The net revenue to the city from the lot in 1998 was \$2,595. The employee position costs are calculated from the base hourly rate that is paid to this employee for the parking attendant position, not their regular, full-time position with the city.

Recommendation:

The team recommends that the city establish, by ordinance, fees and policies for the use of the parking lot. Also, the team recommends that the city attorney review the use of a full-time employee to work as a part-time lot attendant under the Fair Labor Standards Act.

Vehicles entering the lot are given a pre-numbered ticket stub. The duplicate to this stub acts as the sales record. Stubs are segregated on the basis of time, which is also the basis for the parking fee. Those who enter the lot before 8 p.m. are charged \$3, and those who enter the lot after 8 p.m. are charged \$5. The lot attendant reconciles the stubs and the cash proceeds prior to turning them over to the finance office.

The Somers Point Tax Assessor values Lot 6 of Block 1812, undeveloped, at \$109,600. The property is located on the bay front in an area that the city has expended great effort to revitalize. It is zoned as historic village commercial and, as such, would be suitable for commercial development. Other similar properties that are commercially developed in that zone are valued at \$300,000 to \$500,000. The team conservatively estimates that this property would generate \$2,248 to \$6,744 in tax revenue if it were in private hands (based on a parcel value of \$100,000 to \$300,000, depending on whether it is developed or not, and a 1999 local/school tax rate of \$2.248/\$100). The city has already considered the use of the lot as a revenue source and has, on file, a parking scheme that would produce 48 spaces, including two handicapped stalls. In one analysis showing 47 spaces, they have projected occupancy and revenues from the lot for a ten week period, seven days a week, 24 hours per day, estimating that the lot would generate \$18,879.90 in that period. This analysis uses a rate that translates to \$1 per hour and an occupancy rate that ranges from 0% to 75% (the higher rate being 6 p.m. to 12 midnight on weekends). The analysis also brings up the possibility of adding revenue by renting expected

vacancies to area businesses and residents on a yearly basis and off-season spaces for boat storage. This approach is commendable and the city should pursue some fee structure for the use of the parking lot.

The installation of parking meters would improve the revenue flow, improve fiscal control, and reduce city payroll costs. The team recommends that the meters be active only during the summer season, similar to other communities that experience seasonal fluctuations in parking congestion. Also, parking fees should be charged for the whole week rather than just the weekends. This would allow the city a broader window of opportunity to offset the loss of tax revenue from the lot and improve the time line to recoup its purchase price. Another advantage to the use of meters would be the elimination of the parking attendant's salary. Any concerns over disorderly persons at the lot could be addressed by the use of police patrols to monitor the parking lot on weekends. The team estimates that each meter would cost approximately \$325, including parking "bumpers." If the city were to develop the scheme showing 48 spaces, and leave the lot "as is," except for adding parking bumpers to identify spaces, the team estimates that the initial capital expense would be approximately \$15,000. Police personnel working the 7 p.m. to 7 a.m. shift could be used to empty the meters, as needed, and then take the money back to the police department where it would be held until it can be turned over to the finance department for accounting and deposit. Another system for collecting parking fees that can be readily structured to accommodate varied fee schedules and times, is the "pay and display" system. This utilizes a vending machine-type pay station that accepts currency and/or credit cards and issues a parking card that is placed in the vehicle in plain sight. This card displays the date and the time that the user has paid to park. The team estimates such a system would cost less than \$10,000.

Using the rate and capacity from the city's own analysis, and applying those to a 48-space lot, the city stands to generate \$381.60 per day on weekends (three days) and \$195.84 per day during the week. Spread out over a 13-week season, roughly Memorial Day through Labor Day, the city could bring in \$25,183 in revenue by installing parking meters at the Bay Avenue lot.

Recommendation:

The team recommends that the city eliminate the position of parking attendant at the Bay Avenue lot and install parking meters or other time metering system.

Capital Expense:	\$10,000 - \$15,000
Labor Savings:	\$1,734
Revenue Enhancement:	\$25,183

MUNICIPAL BOAT RAMP - KENNEDY PARK

The city operates a municipal boat ramp at the John F. Kennedy Park on Broadway. The ramp is large enough to accommodate two launchings/removals at one time, and there are piers on either side for the boats to tie up to. There is a parking lot adjacent to the ramp that can accommodate

approximately 30 or more vehicles with boat trailers. Chapter 199 of the city code establishes a permit system to use the ramp between May 15th through September 15th. Revenue in 1998 from the boat ramp totaled \$8,677, all of which was deposited into the city's recreation trust account. The fee schedule for the permits is as follows:

Daily...	\$10
Prior to April 1 st ...	\$20 Boats w/o trailers (incl. wind surfers) \$30 Boats w/trailers
April 1 st and after..	\$30 Boats w/o trailers (incl. wind surfers) \$50 Boats w/trailers

The city assigns a public works employee to the ramp on weekends during the season to sell permits, monitor ramp usage, and maintain various other park facilities, such as, the bathrooms, landscaping, etc. There is no city supervision of ramp usage during the week. This employee works a separate shift that allows him Thursdays and Fridays off in lieu of Saturdays and Sundays. This practice diverts 40% of his time from more traditional public works duties. The employee position cost, including salary, benefits, pension, etc., for the lowest level public works employee in 1998 was approximately \$19,180. Based on this cost and the amount of time applied, the city paid \$2,508 to monitor the boat ramp in 1998. Using one of the seasonal employees that the city normally hires for around \$7 per hour would cost the city less than \$2,000 for the same work.

Permits are sold at the ramp on weekends and at the public works building from 9 a.m. to 2 p.m., Monday through Thursday. Anyone seeking a seasonal permit is asked to fill out an application form, which identifies the boat, the owner, etc. This application becomes the basis to issue a consecutively numbered boat ramp permit and a corresponding sticker that can be displayed on the boat trailer or the vehicle. The daily permits are issued without as much detail. The daily permit is actually the numbered receipt for the permit fee, which in most cases is paid in cash. A review of the records issued in 1998 revealed seasonal permit applications and the daily permit receipts were consistently missing much of the information that was called for. Weekend receipts are held over the weekend by the public works employee assigned to the park, then turned over to the public works department on Monday. Total receipts, including those from the public works department and a permit sales summary are then turned over to the city later on in the week. Much of the actual sales reconciliation, including establishing a change fund, recording permit numbers, counting receipts, etc., is done in the public works department. A review of the 1998 records indicates that some consecutively numbered permits were missing, and one permit number was recorded as sold to two different people. In addition, cash is often not deposited within the 48-hour limit mandated in N.J.S.A. 40A:5-15.

The team surveyed the parking lot at various times on weekdays and found that there were an average of six trailers in the lot per day and only 17% of those had permits. When this ratio is applied to the 17-week season, we compute there are approximately 425 daily users who do not buy permits. Assuming these are customers who would purchase a daily permit, we compute the city is forgoing about \$4,250 annually.

We believe the city could effectively enforce the code without additional staff on most weekdays using the police and a “notice of violation.” An officer periodically checking the lot for vehicles not displaying a valid permit could issue a “notice of violation.” The notice could provide the violator an opportunity to pay for a permit without further penalty, within a specified number of days. If the violator did not obtain the permit, a summons to municipal court could then be issued.

Recommendations:

We recommend that the city review the permitting and monitoring process now in place at the Kennedy Park boat ramp to insure compliance with state statutes and local ordinances.

Revenue Enhancement: \$4,250

We recommend that the seasonal help be utilized in place of full-time public works employees to monitor the boat ramp on weekends and perform routine ground maintenance.

Productivity Enhancement: \$508

We recommend that the fiscal responsibilities associated with boat ramp permits be removed from public works and placed in the department of tax collection where the focus of the department is on revenue collection. We believe this will provide better cash control, including more timely deposits. The seasonal permit process including the application, consecutively numbered permit, and sticker, is admirable. Daily permits, as well as the receipts, should be consecutively numbered and issued to the purchaser. We further recommend that the application format be reviewed to verify that the information requested is relevant and that staff be instructed to include all information requested.

SOMERS POINT CITY SEWERAGE AUTHORITY

The Somers Point City Sewerage Authority, “the authority,” is a public body politic and corporate. It was created in January of 1956 by the City Council of the City of Somers Point, Ordinance 3 of 1956, pursuant to the Sewerage Authority Law (PL 1946, Chapter 138) of the State of New Jersey. The authority is granted broad powers under the Sewerage Authority Law. These include, but are not limited to, the right to hold and administer property, the right to incur debt, the right to charge user fees to cover expenses and maintenance and the right to make and enforce regulations (by-laws and rules) to manage their affairs. The purpose of the authority is to construct, operate, and maintain a sewer collection and disposal system for the City of Somers Point. Construction on this sewerage system began in 1964 and was financed from the sale of bonds issued under a trust agreement with the city. The original project consisted of more than 30 miles of gravity lines, five pumping stations with associated forced lines, a trunk line sewer and a sewer treatment plant. The system has grown considerably since the 1964 project was completed. Bonds for this initial project were paid off in 1993 and a subsequent bond issue for

\$1,980,000 was immediately sold following this payoff. The purpose of the new issue was to upgrade pump stations in need of repair, extend sewerage to areas that did not have it, create funding for a debt service reserve and pay costs associated with the issuance and delivery of bonds. The total long-term debt of the authority, as of 12/31/98, is \$1,575,000.

In 1978, the authority decommissioned its sewerage treatment plant and turned over the treatment of sewerage to the Atlantic County Utility Authority (ACUA). The ACUA has constructed a pumping station on the site of the decommissioned authority treatment facility. This station connects the authority collection system to the ACUA system. The authority has also negotiated an agreement with the Egg Harbor Township Municipal Utilities Authority to accept sewerage into the Somers Point collection system from a portion of Egg Harbor Township commonly known as Anchorage Poynte. Today, the authority operates and maintains approximately 67 miles of sewer lines, approximately 900 manholes, and 11 pump stations.

The team commends the authority for entering into an agreement with a neighboring community to provide sewerage to an area remote from the sewer collection system of that community. This joint effort prevented unnecessary capital expense, resulted in tax savings to Egg Harbor Township, and increased revenue to the Somers Point Sewerage Authority.

A five-member board governs the authority. Each member is appointed by city council for a term of five years. The board is organized with a chairman, treasurer, and a secretary. One of the retired members makes daily visits to the authority garage and, sometimes, takes an active role in fieldwork supervision. New Jersey Statutes give the authority discretion to delegate powers and duties to its officers, agents, etc., as it deems proper (40:14A-5(a)). However, there are no by-laws establishing such duties for either employees or board members. Sound management practices and liability issues would dictate that there be a separation between the policy-making responsibilities of board members and day-to-day fieldwork. Additionally, the job description for the authority administrator includes day to day supervision over fieldwork. Board members meet once a month, unless called together for a special meeting. Interviews with staff and field personnel indicate that, for the most part, the board's involvement is limited to just those meetings. The 1998 salary for each board member was \$2,500 per year with the chairman receiving an additional \$500. The board member who visits the garage daily is paid an additional stipend of \$125 per month to compensate him for vehicle expenses incurred while reviewing fieldwork. One member of the authority office staff acts as the board's recording and correspondence secretary. Another staff member provides cleaning services for the authority office area. Both receive additional stipends for this work. The authority also uses the professional services of an engineering firm, an auditor, and an attorney. An administrator manages the day-to-day operations of the authority.

Recommendation:

The team recognizes that responsibilities on authority boards vary from community to community. This board's involvement is substantially limited to participation at meetings. The team recommends that the board salaries be discontinued. We believe that supervision of fieldwork is a management responsibility and is best performed by the management

staff. Periodic review of operations is appropriate; however, the team believes that such reviews should not be cause for additional compensation. The team recommends that the authority not pay a stipend to cover board member vehicle expenses incurred while reviewing fieldwork.

Cost Savings: \$14,500

Licensed Operator

No authority employees possess the proper NJDEP class 2 license required to operate the collection system in Somers Point. Two of the field employees have begun taking courses to meet the educational requirements for the class 2 license and, at least, one should be eligible to sit for the test within a year or so. As a result, the authority has hired a license holder from another community to meet the license requirements. The total cost to the authority for this license holder is \$4,390 per year. Interviews with staff, professional and board members indicate that the license holder is rarely on site. There are no inspections made by the license holder and he makes no reports or recommendations to the authority.

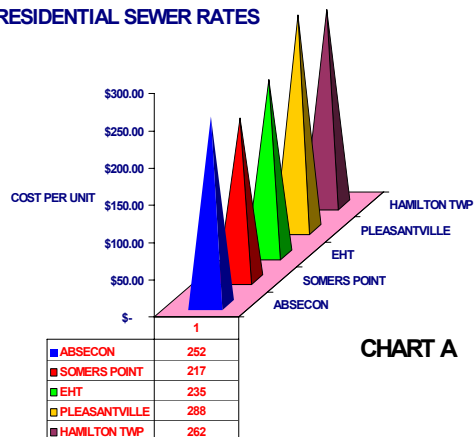
Recommendation:

The team recommends that the authority continue to stress the importance of having a employee of the authority hold a class 2 license. In the interim, until one of the field employees is licensed, the board should require the current license holder to make at least monthly inspections of the authority pumping stations and a review of the authority operations. A monthly report of the findings should then be issued to the board.

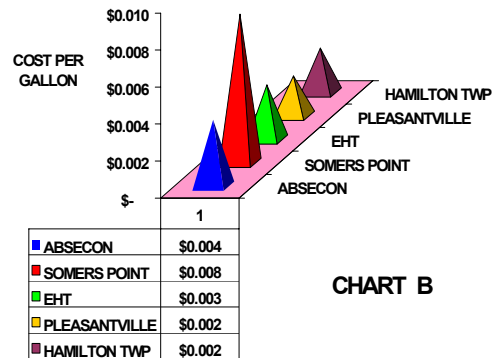
General Budgeting

There are seven, full-time employees working for the authority, in addition to the board members and professionals mentioned above. These include the administrator, three clerical staff employees, and three field staff employees. The 1998 salary and wage expenditure (including overtime, applicable longevity and vacation buy-back) for the authority was \$258,449. This figure includes the board's salary, the attorney's salary, stipends, etc. Overtime in 1998 amounted to \$12,192. This figure does not appear significant until you compare it to the salary cost of only the field employees who are eligible for overtime, \$72,359. Based on this figure, 17% of the salaries paid to field workers was in the form of overtime. The actual cost to the ratepayers for all employees in 1998, was \$333,696. This figure includes medical benefits, social security, pension and Medicare. Operating expenses for the authority in 1998 totaled \$1,020,389. In addition, debt service for 1998 was \$161,878.

**LOCAL COMPARISON:
RESIDENTIAL SEWER RATES**



**LOCAL COMPARISON:
COMMERCIAL SEWER RATES**



The board prides itself in being quite frugal. Board members and professionals interviewed highlighted this fact and pointed to the authority's low sewer rate as evidence of the success of their careful spending habits. Residential sewer rates are the lowest in Atlantic County (see CHART A). Each single-family dwelling pays a flat rate of \$217 per year for sewer regardless of their usage. The authority has established rates for various other sewer users, such as hotels, condominiums, etc. However, the basis for these and all other commercial rates is water usage. The authority bills commercial properties according to their actual water usage as determined by New Jersey American Water Company readings. In Somers Point, the authority charges commercial properties \$217 per EDU (equivalent domestic unit) or fraction thereof. Each EDU represents 27,000 gallons of water usage. When the team compared this rate with other communities in Atlantic County that base their commercial rates on water consumption, we found that the rate in Somers Point was twice as high as the rate of the next highest community (see CHART B). This indicates that the residential rate might be artificially low and not necessarily resulting from sound spending practices.

The ratio of residential accounts to commercial accounts is roughly 16:1, with commercials making up just over 6% of the number of sewer customers in Somers Point. The authority does not service any industrial accounts. The commercial accounts, although not placing any unique or expensive demands on this collection system, make up 19% of the revenue (\$307,722) to the authority. Applying the rate of \$217 for each 27,000 gallons of water consumed, the team estimated that commercial properties produced a sewer flow of 38,287, 991 gallons in 1998. The total sewer flow for Somers Point in 1998 was 564,795,200 gallons. Accordingly, commercial properties generate less than 7% of the sewer flow, yet pay 19% of the cost.

During interviews with staff, authority board members, the engineer, and the administrator, we learned the bulk of the problems facing the sewer authority stem from a few restaurants and bars concentrated along a section of Bay Avenue. The authority owns a sewer jet called a Vactor (a specialized piece of equipment for sewer maintenance) used to facilitate cleaning of sewer lines. Currently, the lines are flushed only when there is a problem. There is no preventive maintenance program in place for the sewer system. The only sections of the sewer system that

are routinely inspected are those areas mentioned above which have a history of problems. Most of these problems have been attributed to grease from the restaurants. When questioned, the field staff and the administrator felt they were not within their authority to require inspections of the grease traps for these commercial properties. Although this area has been identified as the source of much of the emergency activity conducted by the authority, and subsequently much of the overtime, no preventive measures have been taken at this source to alleviate these problems in the future. Similarly, the authority has no long term restoration, replacement or maintenance program established to pre-empt the inevitable deterioration that can be expected from any sewer collection system that is well over 30 years old. Replacement of deteriorated or damaged components is only done when the component has failed. A review of the authority's budgets from 1997 through 1999 revealed that no five-year capital plans were developed.

Recommendation:

The team recommends that the authority direct their engineer to review the reoccurring problems stemming from the Bay Avenue properties and develop a plan of inspection and preventive maintenance to reduce or eliminate their reoccurrence. Although an estimate for the cost of such a program is impossible at this time, the authority can expect a direct reduction in overtime to ensue once the program is operational. The team also recommends that the authority direct their engineer to evaluate the entire sewerage collection system and develop a five-year capital replacement plan. Additionally, a written preventive maintenance program, complete with a checklist of scheduled procedures, should be immediately implemented for all pump stations, manholes and sewer lines. The authority should supplement this PM program with more detailed quarterly inspections, accompanied by written reports, performed by a qualified outside firm. The team estimates that such quarterly inspections and reports would cost the authority less than \$8,000 per year.

Value Added Expense: \$8,000

There are additional examples of how the authority is "under-managed." One is the purchasing system utilized by the authority. Audit reports from 1995, 1996, 1997, and 1998 all contain findings associated with the use of signed vouchers, properly authorized purchases, or both. There is no written purchasing policy established by the authority. Interviews and a review of the 1997 and 1998 vendor files indicated that the actual practice of the authority was to routinely order and receive goods and/or services, and complete the purchase order, after the fact. Signed vouchers accompanied most bills reviewed in 1999. Interviews with board members indicated that none of them fully understood how the purchasing process should work. Some thought the authority did use a purchase order system. Some thought only vouchers were required to pay bills. Some thought the auditor's comments regarding signed vouchers was only referring to bills from utilities, which they thought were exempt from the requirement anyway. The authority does not operate under an encumbrance system as required by Technical Accounting Directive #85-1, January 1, 1985. There are no pre-numbered purchase orders or vouchers issued that specify terms and conditions of purchases and there is no ongoing accounting of the status of the budget during the course of the year. The 1998 audit indicated that certain lines in the budget were over expended. This, as well as the findings regarding properly authorized purchases, could have

been avoided if an encumbrance system was in place. The authority is a member of the National Institute of Government Purchasing, Southern Chapter, and records indicate that the administrator does attend their dinner meetings. The resources of this respected organization could easily be utilized to facilitate the development of an encumbrance system.

The authority is in the practice of issuing what they refer to as “pre-paid checks.” These are checks that are issued, signed, and spent before authorization for payment is made by the full board. These checks are used to purchase items or services which, in the opinion of the administrator, cannot wait for the monthly board meetings to get approval. When questioned about this practice, some board members accepted it as necessary, considering the small dollar amount involved and the delay involved with getting pre-authorization. Some board members thought the practice was discontinued. Reviews of the check register showed that nearly 100 pre-paid checks were issued from January through September, 1999. Some were issued for routine items, such as bills from professionals or utilities, some were issued to replenish petty cash and a large number were issued to employees who requested money from their employee savings plan which is run through the authority. There was no indication that any of the pre-paid checks issued during this period could not have been anticipated and listed on a bill list for board approval prior to their being issued.

The lack of an encumbrance system, as required by Technical Accounting Directive #85-1, is a flaw in the financial control of the authority. Funds are being expended without proper authorization or scrutiny, leading, in some instances, to over expenditures of line items. The team recommends that before vouchers are submitted to the board for approval, the administrator, or his designee, should pre-audit each document to assure that the claim is proper and that the voucher meets all administrative requirements. Also, controls such as the utilization of an encumbrance system should be established to prevent duplicate payments and/or over expenditures. Prepayment should never be permitted, except for those exceptions covered under N.J.S.A. 40A:5-16.1. Pre-numbered purchase orders and pre-numbered vouchers should be used for all purchases.

Recommendation:

We recommend the authority comply with the local public contract law and Technical Accounting Directive #85-1.

Petty Cash Fund

The authority maintains a petty cash fund for “...miscellaneous materials, registered mail, office expenses, and the like...” Although no resolution was found that first established the petty cash fund, the staff was able to produce a resolution (#7-1992) increasing the fund amount and describing its use as stated above. The Department of Community Affairs did verify that the initial approval for the fund is on file with their office. The authority has no written procedures to identify the custodian of the fund or what limits, if any, were placed on it. The fund is not closed out each year. A review of the slips used for reimbursement showed that little was supplied in the way of receipts for the reimbursements. It also revealed that the authority paid for various forms of food and entertainment for board members and the administrator. N.J.S.A.

40A:5-21 provides the basis for the authority to establish a petty cash fund. However, the authority has no policy that controls its use and many of the board members were not aware of the items that it funded. Examples of such purchases ranged from minor to extravagant. They include coffee, cigarettes and food items from a local convenience store and dinners and luncheons where the authority paid for bank representatives and professionals hired by the authority. Other expenses included golf outings for a board member and the administrator; hotel rooms for board members, the administrator and spouses in Atlantic City, less than 20 miles from Somers Point.

Another item that appeared frequently on petty cash vouchers was receipts for \$10 rolls of Garden State Parkway tokens. In 1998, the authority bought 25 rolls of tokens (11 rolls were purchased in 1999 from January through July). Each roll contains 30 tokens. That equates to 750 tolls that were paid for in 1998, not including several individual tolls represented by cash receipts. Employees are not required to use the Parkway to reach any portion of Somers Point. Tokens are not needed for day-to-day operations. When staff was questioned about this, they responded that field employees traveling to take required courses in Cape May used the tokens. There are two tolls between Somers Point and Cape May, one round trip requires four tokens. Two employees were enrolled in courses in 1998; each made two trips per week for 13 weeks. The total round trips taken to Cape May in 1998 equaled 52. Based on four tokens per trip, these employees could have used 208 tokens to get to and from their courses. There was no question raised by the board regarding the apparent exorbitant number of Parkway tokens being purchased through petty cash.

The Rutgers Center for Government Services has established recommended procedures for operating a petty cash fund. The procedures include creating a custodian for the fund and bonding that person, setting limits on the use of the fund, requiring the custodian to file a detailed monthly statement accompanied by receipts for all expenditures made during the month. State regulation requires that the fund be closed at the end of each calendar year.

Recommendation:

The team recommends that the Authority improve the accountability over the use of the petty cash fund.

Vehicles/Equipment

The authority owns and operates six vehicles including two pickup trucks, one sedan, one vacuum truck (Vactor), a backhoe, and a generator truck. They also have grounds keeping equipment, various items of hand-operated power equipment and an air compressor. Most of this equipment is stored at authority's garage. When the team inspected this garage we found the facility to be neat and orderly. We also found that one of the employees was storing his personal antique fire truck inside the garage while other authority vehicles were parked outside. When board members were asked about this during interviews, some were not aware of the truck's presence, some knew but thought it had been long removed. The administrator was aware of its

presence and did not consider it to be a problem. Aside from the fact that the truck is being stored at rate payers expense while authority owned vehicles are out doors, the authority also faces liability for this privately owned vehicle as long as it remains on their property.

Recommendation:

The authority should immediately remove the fire truck from its property and take necessary steps to insure that public property is not used for private purposes.

Fuel Purchases

Gasoline and diesel fuel for authority equipment is purchased at a local service station. The records indicate that the authority buys mostly high octane, premium gasoline, and that no discount is offered. The authority also pays full tax on these fuel purchases. The city operates a fuel facility at the public works yard which is stocked with premium, unleaded gasoline purchased under an agreement with the Atlantic County Purchasing Cooperative. Additionally, the city has diesel fuel available. The city does not pay tax on this fuel and they enjoy the benefit of quantity discounts made available through cooperative pricing. The city gas pump is controlled by a 'key' system that monitors fuel usage by department.

The authority could save money by buying their fuel from the city. The key system provides a level of control for fuel usage. Vendor transaction records for January through October, 1998 indicate that the authority purchased over \$4,300 in motor fuel from a local service station. The receipts showed that the authority paid an average of \$1.10 per gallon of fuel during that period.

Over that same period of time, the average cost of premium fuel purchased by the city was approximately \$0.58 per gallon. Had the authority purchase their fuel from the city, they could have saved an estimated \$0.52 per gallon. This represents a saving of 47% on fuel, over \$2,000 in 1998.

During the review, we learned that the authority was not a member of the Atlantic County Purchasing Cooperative. Government purchasing cooperatives are organizations that obtain competitive prices for large quantities of commonly used materials and supplies used by member organizations. The team's experience is that many agencies are able to obtain better prices for many supplies through a cooperative, rather than they can get independently. One example of this would be cooperative purchasing of electricity.

Recommendation:

The authority should enter into a commodity resale agreement pursuant to N.J.A.C. 5:34-7.1 et. seq., to purchase their fuel from the city. The authority should also join the Atlantic County Purchasing Cooperative to take advantage of other areas where cooperative purchasing would result in savings to ratepayers.

Cost Savings: \$2,000

Future of the Authority

The major issue facing the authority today is the possible dissolution of the sewer authority. The city has discussed dissolving the authority in the mid-1980's. In May of 1999, the city passed a resolution authorizing an application to the Local Finance Board (Board), pursuant to N.J.S.A. 40A:5A-20, to dissolve the Somers Point City Sewerage Authority. The application included a copy of an ordinance authorizing the dissolution of the authority and a refunding bond ordinance to refinance the debt of the authority. Subsequent information was provided to the board in order to satisfy it that the city could meet all of the financial obligations of the authority. The city also provided information to satisfy the board that the city could provide the same services as the authority to insure the health, safety, and welfare of the recipients of those services. In June of 1999, the board determined that the city had met all of the requirements of the law and they passed a resolution approving the dissolution of the authority subject to the conditions set forth in the dissolution ordinance. The board also approved the refunding bond ordinance at that time.

City council subsequently passed both the dissolution and refunding bond ordinances on first reading by a 4 - 3 margin. The dissolution ordinance was finally adopted by a 4 - 3 margin. However, the city council tabled the refunding bond ordinance because five affirmative votes were required for adoption. Interviews conducted with authority employees and board members have indicated that they, too, are equally divided on this issue. The result is an air of tension and, for some, hostility that permeates the entire authority. This polarization has created animosity, which was quite evident during the interviews. The issue has created a degree of paralysis in the operation of the authority, with some programs being put on hold until the issue is resolved. Employees, board members, and professionals expressed their regret over the political divisions that have been created and the disruptions they have caused.

Recommendation:

The team recommends that the authority take steps to ease the tensions and animosity that permeate the authority staff. Immediate steps should be taken to bring all parties together to allay fears and suspicions. The authority and the city should work together to develop a strategic plan to prepare for the possibility of the authority dissolution. This plan should include the future manning requirements of the authority, how these requirements will affect current employees, and a schedule to address programs that are currently delayed.

Organization

N.J.S.A. 40:14A-5(e) establishes that sewer authorities are to be organized each year with the election of a chairman and vice-chairman from among its members. The authority may also establish committees as it sees fit, such as finance, personnel, etc., to be responsible for certain areas of the authority's operation. The board may also hire personnel, and procure professional services, and enter into other contracts to meet the responsibilities of the authority. The authority shall also determine the qualifications, terms of office, duties, and compensation for the staff positions. While the Somers Point Sewerage Authority has hired personnel and contracted for professional services and other services, during 1999 it had not established functioning committees to provide oversight to any of the operations. There is no organizational chart that establishes a chain of command or identifies areas of responsibility. A review of the authority's

records indicated that there were no resolutions or other public records to identify the positions on the authority or annual salaries for authority personnel. The authority does have current contracts with the engineer, the attorney, and the auditor.

The authority does not have job descriptions for any employees except the administrator. The team was able to obtain copies of descriptions of the duties performed by the office staff. These were developed by the authority auditor during the course of their audits. The absence of job descriptions has led to some confusion among authority members. The field personnel have conflicting views on who is in charge in the field. The authority members and the administrator also have conflicting views on who is in charge in the field. The position of administrator does not appear in any documents made available to the team. The personnel manual makes frequent mention of an "office manager," but no mention of an administrator. Upon inquiry about the derivation of the "Administrator" title, the administrator stated that he took the title because other authorities referred to the person in charge as the "Administrator."

Recommendations:

We recommend that the authority members work with the attorney and a committee of employees to create a personnel policy for the authority. The policy should include sections on sexual harassment (the authority has a sexual harassment policy adopted by Resolution 10-1996), whistle blowers, ADA, discipline, a code of ethics, etc. The policy should be officially adopted by the authority and incorporated into a manual. All employees and board members should then be required to receive a copy and adhere to its content. The authority should comply with New Jersey Statute 40:14A et. seq. and establish titles, with job descriptions and salaries, for all positions. Each title should be incorporated into an organizational chart, be approved by the board, and issued to all board members and employees.

The team also recommends that the board establish bylaws for the authority that enumerate the duties and responsibilities of the board. The bylaws should also establish procedures for travel and entertainment reimbursements for board members and authority management.

Billing and Collection

The team reviewed financial records from the authority and found that sewer bills are mailed out twice per year, in early December and early June. Each bill is in the form of a post card with two pre-printed stubs on it. Each stub represents an invoice for a quarterly payment. Payments are due January 1st, April 1st, July 1st and October 1st. The authority services 3,520 residential accounts and 215 commercial accounts. Bills are printed in-house from a computerized database. The authority is very diligent regarding delinquent accounts. They send out approximately 5,400 delinquent notices and approximately 200 shut off notices per year. Liens are issued once per year and usually amount to less than ten each year. As a result of this activity, the authority collected \$1,574,812.16 in 1998 against a billing of \$1,596,618.14, for a collection rate of 98.6%.

The team commends the authority for its diligence in collecting its accounts and the subsequent high collection rate.

Sewer payments are received continually during the year with the bulk coming in quarterly as they are due. Everyone in the office helps out to receive and record the payments as they come in. The authority utilizes a single validating machine to monitor receipts. The validating register will produce receipts and compute a total. However, it is not on-line with the authority's computerized billing system. Consequently, staff must re-post all payments into the computer to upgrade billing records. Those interviewed reported the authority used to have on-line validating but, too much time was spent correcting errors associated with automatic posting and the manual books were needed to 'prove' the computer records. Some verbalized a high degree of technology distrust and a reluctance to incorporate computerization in their work routine.

The duties of this staff member are primarily billing, receiving payments, posting payments, monitoring interest and delinquencies and, to a lesser degree, monitoring new accounts, lateral applications and escrow accounts (four as of this writing). The other two staff members help with receiving and validating payments only during busy periods when the scheduled quarterly payments come in. The authority has approximately 3,835 accounts that are billed each year and there are no special assessments. As a point of comparison, the city tax office has approximately 4,100 accounts that it bills each year and they also collect payments quarterly, very similar to the authority. There are some subtle differences which can add or detract from any workload comparison between these offices, such as, added assessments, tax sales, batch payments, software programs, etc. For the most part, however, the process is the same, bills are printed in-house and mailed out, payments are received and accounted for. Operating expenses would be consistent for each office. Fully loaded salaries in the city tax office for 1998 totaled \$60,800. This translates into a cost per bill of \$14.83. The 1998 fully loaded salary of the staff members who handles billing and collection is \$56,290. This translates into a cost per bill of \$14.68, not including the cost of any occasional help provided by other staff members. Accordingly, we conclude the cost per bill is the same.

Local Government Budget Review has established a benchmark for staffing in municipal tax offices of one employee for every 3,000+ tax lines. The combined billing accounts of the authority and the city total 7,950. Based on this and the relatively clear cut billing demands of the sewerage authority, the sewer billing function could be moved to the city tax office. This would require only minor changes to the existing tax office software system.

Recommendation:

The team recommends that the authority enter into an agreement with the City of Somers Point to take over their billing process. In addition, the authority should not fill the next vacancy that occurs in the office staff and adjust work responsibilities accordingly. We estimate the staff position savings to be \$60,800. Incorporating the utility billing process into the existing tax collection package will require only a minimal increase (\$50) in the monthly service cost to the city tax office for future support.

**Cost Savings: \$60,800
Value Added Expense: \$600**

Office Staff

One office employee is responsible for the payment of bills, ordering office supplies, weekly payroll, sewer account searches, helping with billing and delinquent notices and recording daily sewer flow readings. The authority has a practice of dispatching their senior field employee to take readings daily from the pump station that sends affluent from Somers Point to the ACUA. This information is then given to this office staff member to chart on a spreadsheet. The administrator compares these figures to the monthly flow figures provided by the ACUA. When questioned regarding this procedure, the authority administrator responded that they occasionally find discrepancies between the ACUA readings and the authority readings. The team investigated this and found that both the authority and the ACUA are taking readings from the same source. The system works the same for every community in the ACUA system. Flow is monitored at the source and the information is sent electronically to the ACUA control room where it is recorded. The accuracy of these readings is checked quarterly by the ACUA and re-checked semi-annually by an outside firm. In the case of Somers Point, the information is then sent back to a remote readout in the Somers Point Pumping Station. This remote readout is the information the authority records daily. The only time there was a question about the readings from Somers Point was when there was a problem with the remote readout. There has never been a problem with the direct information sent to the ACUA. It is this direct information that is the basis for the ACUA bills.

This practice of daily recording and charting flows is a duplication of effort. The most beneficial information that can be obtained from this exercise is that a remote readout is not functioning. The authority is not gathering information from an independent source that can be used to cross check the ACUA records. They are merely recording the same information that the ACUA has already received. Based on the assessment of the authority administrator, the time expended to gather and record this information is about 15 minutes per day for each employee.

Recommendation:

The team recommends that the practice of recording and monitoring daily flows at the Somers Point Pumping Station be discontinued.

Productivity Enhancement: \$2,010/yr.

Another function performed by office staff is the payroll function. The authority issues regular payroll checks on a weekly basis. Board members, professionals, and various stipends are paid monthly and are, also, run through payroll. Two employees are involved with payroll. One records time sheets, prints payroll checks and monitors employee leave time. The second employee keeps track of salaries, total payments and administers pension and tax reports and associated payments for each. The city contracts with a vendor for their payroll service, the cost of which fluctuates between \$130 and \$150 per month. When the city's payroll increases in the summer due to added seasonal help, the payroll contract increases to \$150 per month mark. The authority has 18 payroll positions on their payroll register. Based on the city's experience with payroll cost increases for additional employees, if the authority switched to a biweekly payroll, the team estimates that they could contract with the city to do their payroll for less than \$600 per year total.

Another office staff employee is responsible for the payroll register, filing tax and pension reports, reconciling bank statements, maintaining the general ledger, budget preparation, authority resolutions, and helping with quarterly sewer payments. The staff member also maintains a separate spreadsheet for monthly flow figures from the ACUA to compare to the year end billing. Should the authority move payroll and billing to the city, the duties associated with these functions will no longer be required.

At the time of the team's fieldwork, the authority office staff worked a six-hour day. By increasing office hours to seven per day and eliminating payroll, billing, and flow monitoring duties, the authority could decrease remaining office staff from two full-time employees to one full-time employee and one part-time employee. We believe the job description for the full-time employee should include attendance at the monthly meetings and the preparation of all meeting minutes, including closed sessions. We computed the cost of a part-time employee at \$10.50 per hour (including payroll taxes) for 15 hours per week.

Recommendation:

We recommend:

- **the authority contract with the city for payroll services;**
- **the authority increase the office staff workday from six to seven hours; and**
- **the authority reorganize the office staff duties accordingly.**

Value Added Expense (payroll contract): \$600

Value Added Expense (salary increase due to increased hours): \$5,083

Value Added Expense (salary for part-time employee (\$10.50/hr, 15 hrs/wk): \$8,073

Cost Savings Full-time Salary (Full Position Value): \$31,406

Net Savings: \$17,650

Insurance

The authority procures its property, liability and workers' compensation insurance through the New Jersey Utilities Authority Joint Insurance Fund (UJIF) and the Municipal Excess Liability (MEL) JIF. The UJIF is not a member of the Environmental Joint Insurance Fund (E-JIF), however, the UJIF expects to be enrolled in the E-JIF in January, 2000. We feel the UJIF membership in the EJIF will provide significant coverage improvements to the UJIF members. We anticipate the EJIF will have improved coverage policies for members that comply with EJIF environmental management requirements than those that do not comply. If so, we encourage the authority to promptly evaluate and revise its operating procedures to comply with the EJIF requirements for improved coverage.

Among the insurance coverage provided, the MELJIF provides employment practices liability to its members. Those members having complied with the MEL's requirements for basic personnel policies and practices are provided with a significantly greater level of coverage than those not having demonstrated compliance are. The authority has not taken the necessary action to become

eligible for improved employment practice liability. The rates for both the basic coverage and the improved coverage are the same, in this case, \$1,690.74 per year. However, the exposure to the authority, on the other hand, is dramatically different.

With the basic coverage, the authority is responsible for a \$50,000 deductible, a 20% co-pay for costs over \$50,000 up to \$2 million, and a policy limit of \$2,000,000.

With the improved coverage, the deductible drops to \$5,000 and the co-pay is reduced to 20% of the first \$100,000. The policy limit is the same at \$2 million.

Accordingly, the basic coverage leaves a potential authority exposure of \$450,000. The authority's exposure under the improved coverage is \$25,000.

Due to the common nature of EPL claims in both the public and private sector and the significant potential exposure to the authority, the team inquired about the plans to comply with the MELJIF's requirements. The team was told that the necessary policies and procedures were in place and ready to be sent to the MELJIF, however, the submittal was waiting for the board to adopt an updated personnel policy.

An attorney familiar with EPL litigation reports that claims can cost \$25,000 to \$100,000 for defense alone. Additionally, should the claimant prevail even for just a part of the claim, defense costs are assessed against the employer. Recently an Atlantic County community settled a harassment suit for \$225,000. Because the community did have the improved MELJIF coverage, it was only liable for the first \$25,000 of the settlement, including legal fees. Without the improved coverage the cost to that community would have been \$95,000 for the settlement alone.

Recommendation:

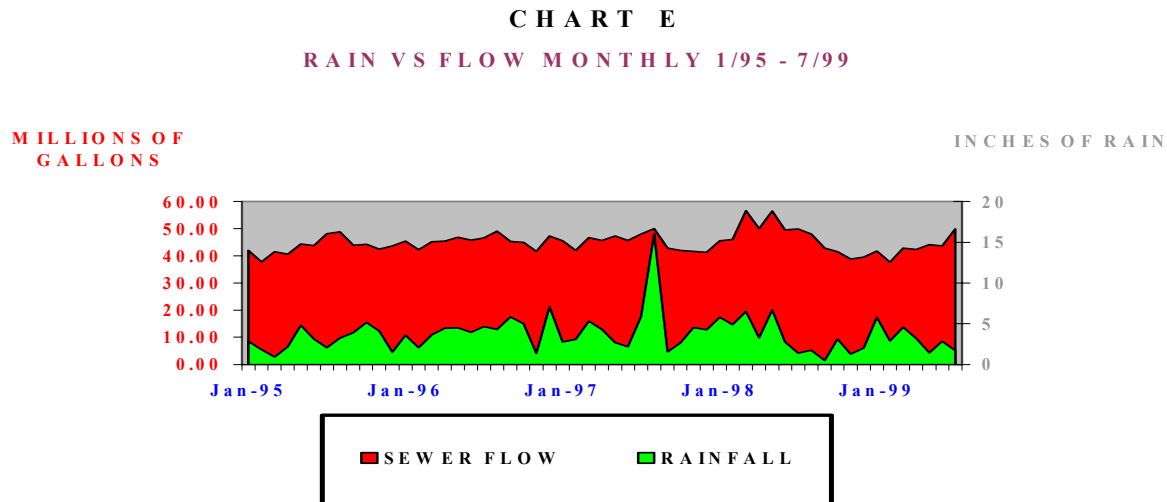
The team recommends that the authority board take immediate steps to adopt and enforce the policies and procedures necessary to qualify for the improved employment practices coverage.

Infiltration and Inflow

The Atlantic County Utilities Authority staff indicated that Infiltration and Inflow (I&I) of ground water into the Somers Point collection system is present, just like it is with many other waterfront communities. The ACUA has provided the team with flow figures for Somers Point from 1994 through 1998. Based on these figures, the 1998 flow for Somers Point was 564,795,200 gallons (1,547,384 gallons per day). The team used two benchmarks to estimate what the sewer flow should have been in 1998:

1. Based on a flow of 90 gallons per person per day, and using a population of 11,159 (US Census Bureau), we estimate that the yearly flow for Somers Point should be 366,573,150 gallons.

2. Based on 4,052 households in Somers Point (1998 Tax Duplicate), we estimate the usage at 303,900,000 gallons. The actual flow appears to be 86% to 54% above the expected flow. The team noted that the sustained high flow corresponds to unusually high water table levels resulting from the very wet weather. The following chart (CHART E), shows a correlation between rainfall and sewer flow.



The storm water in the sanitary system is a result of infiltration of ground water through leaking pipe joints and inflow of surface water into manholes or sump pump discharges. The NJDEP threshold for rainfall induced flows (inflow) is 275 gallons per person per day. The threshold for high ground water induced flows (infiltration) is 120 gallons per person per day. Applied to Somers Point's population, the thresholds are 3,068,725 and 1,339,080 gallons per day, respectively. The actual flow fell between these two thresholds. Somers Point pays \$1,523.92 (1999 cost) for each million gallons of effluent pumped into the ACUA system. The ACUA bill is based on an estimate of the current year flows plus an adjustment for any difference between the previous year's estimate and the actual flow. Their final charge for 1998 was \$851,874. According to the team's estimates, this figure represents between \$300,000 and \$400,000 of I&I. Were the authority to investigate the I&I problem and successfully eliminate just 10% of it, the authority would save \$30,000 to \$40,000 per year. Recent contracts for cleaning and televising of older, eight to twelve inch sanitary lines range from \$2,600 to \$5,500 per mile. Assuming there are 67 miles of sewer line in Somers Point, a contract would cost \$174,200 to \$368,500. Grouting of joints and other leaks would be additional.

Many towns have found that illegal sump pump connections to the sanitary sewer contribute greatly to the extreme flows recorded after storm events. Many towns have conducted creative public education programs to alert the public to the added cost they absorb due to the discharge of private sump pumps into the public sewer system. The team is familiar with at least one town where a sump pump surcharge was imposed on all accounts unless the property owner submitted to an inspection to verify that sump pumps were not discharging to the sanitary sewer. Smoke testing sewer mains have also been found to be effective in revealing illegal sump pump connections.

Recommendation:

In conjunction with the plan of inspection and preventive maintenance recommended earlier in this report, the team recommends that the authority direct their engineer to develop a systematic I&I elimination program.

Cost Savings: \$30,000 - \$40,000 annually

One-time Value Added Expense: \$174,200 - \$368,500

**LOCAL GOVERNMENT BUDGET REVIEW TEAM
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